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NEWS SUMMARY

GENERAL

U.S. and China in Taiwan accord

China and the U.S. reached an uneasy compromise yesterday over American arms sales to Taiwan.

The U.S. said it would gradually reduce sales but did not agree to Chinese demands for a firm cut-off date.

China warned that the issue was not finally settled, and still strongly objects to an American law for continuing military help to Taiwan. *Back Page, Feature, Page 12; Evening curbs, Page 6*

Island mutiny

Seychelles President Albert Rene began negotiating with mutinous troops who seized the radio station and threatened to kill 200 hostages. Earlier story, *Page 3*

Petrol prices

Oil companies hope to raise petrol prices to about 150p a gallon of four-star, perhaps by the weekend. *Back Page*

Fine delay

Fleet Street electricians deferred a decision on paying the £330 fine imposed on branch secretary Sean Geraghty for contempt of court.

Polish monument

Polish authorities gave permission to the Roman Catholic Church to build a monument to the late Cardinal Stefan Wyszyński in central Warsaw. *Banners out, Page 2*

£1m jewel haul

Three men stole jewellery worth about £1m from the London home of a Saudi Arabian family.

Smoking curbs

Portugal published laws curbing smoking in public, banning cigarette advertising and requiring health warnings on packets.

Yacht mystery

A Polish ship in mid-Atlantic picked up a yacht, flying a British flag but apparently abandoned by its crew.

Poll complaint

Proportional representation would have given the SDP/Liberal Alliance 1,300 seats instead of 470 in the May local elections, the SDP said. *Liberal worries, Page 6*

Bridal benefit

Rhona Moore, Alison Palmer and Kim Miller, each inherited £24 bequeathed in a merchant's will 103 years ago for poor and honest brides born in the City of London.

DIY Italian oil

Italian police impounded a clandestine Naples oil refinery after motorists said cheap local petrol made their cars break down.

Give us this day

An Augsburg court said Johann Gump must continue a centuries-old tradition of paying a tithe of a dozen loaves of bread to the church.

Briefly...

Saturday Review, one of the oldest U.S. magazines, suspended publication.

Man was critically ill in Cardiff with suspected legionnaire's disease.

Yugoslav archaeologists unearthed 30,000 medieval arrow tips.

Explosion collapsed a block of flats in Luanco, Spain, killing 10.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	
Treasury 12½ 1980	£1044 + 1
Treasury 12½ 1985	£894 + 11
A.P.V.	282 + 17
Akroyd & Smithers	252 + 13
Arlen Elec.	38 + 13
Barclays Bank	368 + 14
Barratt Devs.	315 + 9
China Light	119 + 17
Dalgely	255 + 11
Distillers	151 + 7
Ferranti	430 + 27
Firth (G.M.)	153 + 11
Grand Met.	258 + 8
Hawker Siddeley	342 + 5
Howard Tevens	84 + 5
Jardine Matheson	138 + 12
Johnson Grp Clean's	228 + 10
Land Securities	282 + 8
Midland Bank	307 + 11
Nu-Swift	39 + 4

Clearing banks cut base rates as U.S. bond yields fall

BY RICHARD LAMBERT IN NEW YORK AND MAX WILKINSON IN LONDON

BRITAIN'S high street banks cut their base lending rates by a further half a percentage point to 11 per cent yesterday. Across the Atlantic long-term U.S. bond yields also fell sharply.

These declines prompted a hectic buying spree on the UK gilt-edged market, pushing prices to new 31-year peaks and adding almost 2 points to the value of some long-dated stock.

The markets' optimism surged on news that Dr Henry Kaufman, the leading U.S. commentator, had reversed his pessimistic predictions for U.S. long-term interest rates. He now believes long-term U.S. rates could decline from the present 12.5 per cent to nine or 10 per cent within the next 12 months.

U.S. bond prices surged by up to 2½ per cent in New York, with share prices also rising. The new mood quickly spread to Europe.

In London, gilts started trading quietly after Monday's sharp rise but the news from the U.S. and the base rate cut brought out enthusiastic buyers chasing short supplies of stock.

By the close of business long-dated stocks were showing gains of up to 4 points in two trading days and the FT government securities index was up 0.83 points on the day to 76.45, its best since January 25 1978. The index is about 27 per cent above its low point last October.

It is expected that the new short-dated tap, £800m of 10½ per cent Exchequer 1987, will be heavily oversubscribed tomorrow and the market believes a further tap will be announced soon.

The cut in the UK banks' base rate was triggered by a further fall in the Bank of England's money-market dealing rates, which were dropped 1 point. The Bank's rate for the shorter dated bills fell to 11½ per cent. This was the fourth signal to the clearing banks since they last reduced their base rates to 11½ per cent.

The major banks' base rates have fallen by 5 percentage points from their peak last October. Yesterday the London interbank rates reflected the trend with a fall of nearly 1 point in the three-month interbank rate to 11½ per cent.

On the foreign exchange markets the dollar reacted by losing ground in late European trading, in spite of a firm start to the day in London. The dollar fell to DM 2.5050 by the close in London, from DM 2.517 on Monday.

Sterling gained 1 cent to close in London at \$1.7085 but, in a reversal of the recent pattern, it lost some ground against Continental currencies. Its Bank of England trade-weighted index against a basket of currencies lost 0.1 points to close at 91.1.

The weakening of the dollar reflected a view in the foreign exchange markets that U.S. interest rates could now be set to come down faster than Continental rates.

The UK equity market responded late in the afternoon to the general optimism about interest rates. There was a rise of 12.4 points in the FT 30-share index, to 558.2. Trading was thin, however, because most buyers were in the gilt market.

On Wall Street credit markets, while most of the action was at the longer end of the market, short rates edged down a little and the Federal Fund's rate by mid-afternoon was just more than 9.5 per cent against 9.75 per cent on Monday.

There was a general expectation in the City of London yesterday that the strong rise of the gilts market would continue, for several reasons. These included renewed optimism about the trend of U.S. rates, the lack of attraction of investments in the UK equity market, the large amount of liquid funds still held by institutional investors and an underlying optimism about the outlook for inflation.

This, however, was balanced by the feeling of some analysts that the authorities would try to restrain the markets' enthusiasm and hold short-term

IMF agrees to \$4bn Mexico drawing rights

BY ALAN FRIEOMAN IN MEXICO

MEXICO AND the International Monetary Fund (IMF) have agreed in principle for Mexico to draw up to \$4bn (£2.3bn) from the Fund over the next three years.

In Mexico City yesterday, the Finance Ministry said Sr Jesus Silva Herzog, the Finance Minister, and M Jacques de Larosiere, the managing director of the IMF, discussed the agreement in Washington last week.

An IMF detachment is expected in Mexico City next Wednesday to begin detailed negotiations.

Mexico is understood to have requested an extended IMF facility amounting to \$30 per cent of its quota of \$29.5m Special Drawing Rights (SDRs) or a total of SDRs 3.6m. This translates into about \$4bn.

It has also asked for a compensatory facility — another

avenue for borrowing — which is expected to provide an additional several hundred million dollars.

In talks between Mexico and the IMF last week, emphasis was laid on Mexico's foreign debt servicing costs of \$1bn a month.

The agreement should pave the way for Mexico to resume large-scale borrowing from the international banking community. Medium-term international bank loans dried up recently as Mexico introduced its unsuccessful two-tier system of foreign exchange rates, banned last week the export of foreign currency and froze dollar bank accounts.

Mexico is expected, under the IMF guidelines for the funding, eventually to phase out its exchange controls and reopen the precious metal and futures markets shut down last week when the Government halted all foreign exchange deals.

Continued on Back Page

Snags may delay Beirut agreement

BY PATRICK COCKBURN AND NORA BOSTANY IN BEIRUT

"FINAL AGREEMENT" has been reached on evacuation of some 70,000 Palestinian Liberation Organisation fighters from Beirut, Mr Chafiq al-Wazzan, the Lebanese Prime Minister, claimed yesterday.

But Mr Ariel Sharon, Israeli Defence Minister, said that "further clarification" of the agreement was still needed before it could be endorsed by the Israeli Government.

The main two sticking points to the withdrawal appeared to have been removed when Mr Bassam Abu Sharif, a PLO spokesman, said last night that the PLO was ready to release both the Israeli pilot captured early in the two-month conflict and to hand over to the Israelis the remains of nine soldiers killed in the 1978 incursion into Lebanon.

Earlier Mr Philip Habib, the U.S. special envoy in the Middle East, and Mr Sharon met to discuss these last contentious issues.

Mr Habib was due to go to Damascus yesterday to discuss withdrawal of Palestinian and PLO units under Syrian command from Beirut. Together they are believed to number some 5,000.

In the Lebanese capital Israeli forces withdrew from roads round the Parliament building to allow Lebanese Army and security units to take over as part of the arrangements for the Lebanese Presidential elections fixed for Thursday.

The Lebanese Cabinet is due to meet today to request formally the dispatch of the international force of U.S., French and Italian troops. The French and Americans are sending 900 soldiers each and the Italians about 500.

The first group of Palestinian fighters will leave by sea from Beirut port as soon as the headquarters will be in Israel. Israeli forces are still positioned in the harbour, which military experts say will be neutralised for the planned operation.

Previous snags over timing of the withdrawal seem to have been ironed out with arrangements for a phased withdrawal of guerrillas coinciding and synchronised with arrival of the international force.

Western diplomats privy to the negotiations said chartered boats escorted by U.S. and Italian warships would then take Palestinian fighters to Larnaka, Cyprus.

From there they would fly to one of the seven Arab countries which have agreed to absorb PLO elements, or Greece. Seaborne evacuees will go to Larnaka and Jordan's Red Sea port of Aqaba, a 1,000-mile journey.

Those bound for Greece, who may be among the first to leave, would be guerrillas wounded in the fighting. The seven Arab countries to host the PLO are Jordan, Syria, Iraq, the Sudan, North and South Yemen, and the new PLO headquarters will be in Tunisia, where the Arab League is based. Mr Yasser Arafat, the PLO leader, will be last to leave.

Beirut diplomats disclosed yesterday that Tunisia agreed to receive the PLO leadership. What is still undetermined is what will happen to the families of the evacuated fighters.

Minister hints at more pay for nurses in future

BY DAVID GOOCHART, LABOUR STAFF

MR KENNETH CLARKE, Minister for Health, yesterday announced a significant shift in the Government's attitude to the long-term level of nurses' pay, two days before the end of the Royal College of Nursing's ballot on a 7.5 per cent pay offer.

The ballot ends on Friday and the result will be known on August 26.

Speaking during a visit to Monday Hospital, Croydon, Mr Clarke said: "We have so far concentrated on possible ways of updating nurses' pay but we are all aware that a new system will also need to deal with the absolute level of nurses' pay."

Talks between the Government and all the nursing unions on long-term pay arrangements have so far concentrated on how best to calculate the annual pay rise for nurses by comparison with equivalent levels elsewhere.

The unions, however, have been pushing for a considerable absolute rise before a running comparability system is introduced. Last night the Royal College of Nursing, representing 180,000 of the health service's 490,000 nurses, welcomed Mr Clarke's statement as "encouraging."

The National Union of Public Employees said last night that Mr Clarke's comments were designed to influence the last days of voting in the college's ballot.

But Mr Clarke also emphasised yesterday that the Government's pay offer was final and would not be increased if the ballot rejected 7.5 per cent.

He also said last night that he had always been prepared to look at absolute levels of pay after comparison with outside pay levels. But he added: "The unions are simply using the issue of absolute pay levels as the first shot in the 1983 wage claim."

The indefinite strike by 320 Derbyshire ambulance men is to continue after talks between unions and management over a disputed bonus system broke down last night.

The National Association of Local Government Officers claimed last night that the British Oxygen Company had threatened to withdraw essential oxygen supplies from all Sheffield hospitals because strike action by 10 Nalco members had stopped the payment of bills of over £2m to the company. A spokesman for the District Health Authority, however, said that no such threat had been made.

Occidental rethink on Cities

BY RICHARD LAMBERT IN NEW YORK

THE FUTURE of Cities Service, the large U.S. Oil Company, was thrown into the melting pot again yesterday when Occidental Petroleum became the third group in the last two months to withdraw an offer to buy the company.

However Occidental said later that it was continuing to study possible courses of action with respect to Cities Service. Possible options included a new offer for the company or a tender offer for Cities Service's shares. Occidental said no decision had been reached about its future course of action, but stressed that the withdrawal of its offer related to the proposals made last Friday.

Earlier Cities turned down Occidental's offer made on Friday and worth up to about \$3.8bn, after a three and a half hour board meeting on Monday.

But it appeared anxious to keep the door open for further negotiations.

In a letter to Dr Armand Hammer, Occidental's octogenarian chairman, Mr Charles Waidelich, the Cities' chairman, said his company was willing to discuss with Occidental "possible basis" on which the bid terms might be improved.

Cities Service's moves caused confusion on Wall Street, where trading in Cities' shares was halted twice in the course of the day. Cities' shares had opened at \$32.5, up \$8.25 from the level at which they had been suspended prior to Occidental's offer last Friday.

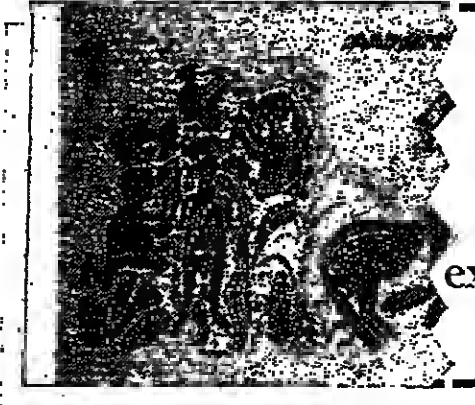
In his letter to Dr Hammer, written after Monday night's meeting, Mr Waidelich said that Cities was "vigorously pursuing possible transactions with other companies designed to provide full value for our shareholders."

By way of either the sale of the whole company or the sale of major segments of the business.

He admitted that Occidental's bid was the only formal offer on the table, but added that Cities intended to "continue discussions with various other companies that have expressed a possible interest in the purchase of the company or of various key segments of its operations."

Traders on Wall Street spent yesterday touting the names of yet more potential bidders. Occidental's offer, which was worth on various estimates between roughly \$45 and \$50 a share, had been greeted with enthusiasm by speculators who had been threatened with heavy losses following Gulf Oil's surprise withdrawal of its \$63-a-share offer earlier this month.

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EUROPEAN NEWS

French inflation rate rise slows in July

BY DAVID WHITE IN PARIS

THE FRENCH Government yesterday received the first clear result of its temporary price and wage freeze with provisionary inflation figures for July showing a 0.3 per cent rise, the lowest for four and a half years.

Poland's debt to Moscow increases

By Leslie Colist in Warsaw

POLAND'S DEBT to the Soviet Union has risen to 3.5bn transferable roubles (22.5bn) because of oil, natural gas and raw materials deliveries for which the Poles cannot pay with their own exports.

Economic troubles could prove greater danger to Irish Government's future

Haughey denies mishandling Connolly affair

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Prime Minister, Mr Charles Haughey, has rejected suggestions that he mishandled the resignation of Mr Patrick Connolly, the Attorney General, after the arrest, in Mr Connolly's flat, of a man charged with two murders.

Haughey said the Prime Minister claimed he changed his mind on Sunday when he became aware of all the facts—in particular, that a shotgun had been found in Mr Connolly's flat. At that point he asked Mr Connolly to return.



Prime Minister Charles Haughey, wage talks with trade unions.

threat to the survival of his Government. He revealed yesterday that the budget deficit was now running at £280m (289m) — almost £100m (101m) above target. This means that, without corrective measures, government borrowing would rise to almost £1.9bn (£1.9bn).

Dutch head for battle over wage indexation

BY WALTER ELLIS IN AMSTERDAM

WAGE INDEXATION and the stationing of Cruise missiles in the Netherlands are issues boiling up into serious controversies with only three weeks to go before the general election on September 8.

SPANISH AUTHOR ALLEGES THREE PLANS TO SEIZE POWER

Military intelligence 'infiltrated coup plots'

BY ROBERT GRAHAM IN MADRID

A KEY element in the failure of the military coup in Spain on February 23 last year was that military intelligence had succeeded in infiltrating the plotters.

Aware that at least two, and probably three, plots were being hatched, military intelligence decided to precipitate Col Antonio Tejero's plan to seize Parliament, and in so doing aborted other more serious schemes, including a Turkish-style military takeover.



FLASHBACK to February 23, 1981: Col Antonio Tejero, a Guardia Civil officer, takes over the Spanish Parliament at gunpoint.

Craxi gives backing to Spadolini

Sig. Bettino Craxi, whose Socialist Party forced the resignation of the Italian Prime Minister, Sig. Giovanni Spadolini, 10 days ago, gave his backing yesterday to the latter's effort to form a new coalition government.

Malta church dispute

Archbishop Joseph Mercieca of Malta has flown for talks with the Vatican following the bitter attack by Prime Minister Don Mizzi last week, writes Geoffrey Grimes in Valletta.

Weapons seized

Security officials at West German airports seized 144 firearms and more than 40,000 rounds of ammunition in the first six months of this year, Reuters reports from Bonn.

Turkish inflation up

Turkey's annual inflation rate rose to 25.3 per cent last month, slightly above the Government's target of 23.9 per cent in June, Reuters reports from Ankara.

More Eurocrats

The growth of the European Commission in the past decade has been accompanied by a 68.2 per cent rise in the number of "Eurocrats" and their families in Belgium, according to the 1981 Belgian census results, AP reports from Brussels.

Amnesty plea for Kurds

BY OUR FOREIGN STAFF

NEARLY 100 Kurdish prisoners in Turkey are in poor health as a result of torture and harsh prison conditions, according to reports reaching Amnesty International.

Solidarity's banners unfurled again

WARSAW — Solidarity activists yesterday strung banners across a Warsaw street and shivered leaflets in the first demonstration of a two-week campaign to promote the suspended union and approve martial law.

Unemployment level reaches 3% in Sweden

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE NUMBER of registered unemployed in Sweden rose to 133,000, or 3 per cent of the labour force, in July. This is an increase of 29,000 from July last year and of 2,000 from June this year.

Liberal coalition Government less than five weeks before the general election. The poor unemployment figures overshadowed a deceleration in the rate of inflation in July and a good foreign trade result.

before the end of the year to trigger claims for increases under the national pay agreement. Preliminary figures for foreign trade in July show an unusually large surplus of SKr 1.3bn, giving Sweden a trade surplus for the first seven months of around SKr 3.8bn, compared with SKr 2.1bn in the corresponding period last year.

Exports increased in volume by some 4 per cent, while imports rose by 1.2 per cent. The July figure was boosted by exports of SKr 1.2bn from the shipyards.

Portugal's reform means hard times for public sector

BY DIANA SMITH IN LISBON

THE REFORM of Portugal's constitution, which has downgraded military influence in politics, opens up a new era in the country's democratic history. By the end of the year, when the review has been promulgated and key ancillary legislation brought into being, the powers of Parliament will be stronger, the political role of the military will wane, and the centre-right coalition of Sr Francisco Balsemão will have more effective tools with which to tackle a debilitated economy.

Portugal's weak private sector. Since the revolutionary nationalisations of 1976 swept the banks, steel, basic industries, sea, air and land transport, breweries and shipbuilding into the public sector, most State-owned concerns have operated at huge losses. Widespread over-manning, sloppy book-keeping, constant changes in senior management, a passion for stifling bureaucracy, under-capitalisation and over-indebtedness have been recurring maladies of these companies, which contribute heavily to national budget deficit that will exceed 12bn (£1.7bn)—more than 20 per cent of gross domestic product in 1982.

One such experiment is already under way: the Setenave shipyard, which has run at a loss virtually since its inauguration in the early 1970s, has been put out to tender for a management contract. It is understood that a major West German heavy industrial company has shown interest in managing the yard.

There are few Portuguese capitalists around with the capacity to acquire a large company, but there are signs that foreigners would not be discouraged from a minority shareholding in these experiments in liberalisation.

The approach of new constitutional mechanisms, however, better tailored for the market economy that Sr Balsemão and his colleagues hope one day to see applied to Portugal, has patently given the Government a new lease on life. A few weeks ago it seemed that the Premier might not be able to stay the course much longer.

The Government has followed an old tradition of revealing tough measures while much of the nation is on holiday, and not inclined to debate actions that radically affect the country's political and economic life. Because of this, what is an historical turning-point has gone half-noticed. Results of the local elections in mid-December should indicate whether the efforts to end state capitalism in Portugal.

What price a child's smile

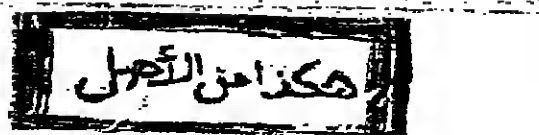
Sally is eight years old, she has never been able to walk and the brain damage she suffered at birth makes it difficult for her to control her movements.



Our care knows no limits, but our money does. It costs a lot to run a residential home for severely handicapped children and to provide the specialist care and equipment they need if they are to make progress in spite of their handicaps.

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AUSTRALIAN BUDGET

Canberra could face snap general election

BY MICHAEL THOMPSON-NOEL IN CANBERRA

THE ANNUAL Australian budget... announced yesterday, kept open the options for a snap autumn general election.

that many Australian families needed help. "However, we have not ignored the compelling necessity to maintain an anti-inflationary economic strategy," he said.

partially offset by consumer tax increases totalling A\$600m; a housing package worth A\$726m; a 15 per cent increase in welfare spending; and a shift in emphasis towards capital works expenditure, including a special roads programme, aimed at boosting employment.

Labour conflict threatens Cape

BY BERNARD SIMON IN JOHANNESBURG

EMPLOYERS and trade unions have warned that serious labour unrest is threatening the eastern Cape, one of South Africa's most politically volatile regions.

Mr Brian Matthew, director of the Midland Chamber of Industries, said employers are concerned that "the entire labour situation seems to be deteriorating."

the Port Elizabeth area have urged the corporation to open discussions with the GWU, which is already recognised by several companies at all South Africa's major ports.

Monsanto considers Japan site

BY RICHARD HANSON IN TOKYO

MONSANTO, the world's top supplier of silicon wafers, used by the semiconductor industry, is considering building a plant to produce silicon wafers in Japan, the company's Japanese subsidiary has disclosed.

Under the plan, Monsanto will spend several hundreds of millions of dollars by 1985, mostly in the U.S. A Japan manufacturing base apparently would fit into the scheme for at least two reasons:

in the U.S. with a wafer plant in the state of Washington. Other large Japanese producers are also aiming directly at Monsanto's home market in the U.S.

Seychelles soldiers in mutiny

By Our Foreign Staff

MUTINOUS soldiers yesterday seized control of the radio station in Victoria, capital of the Seychelles Islands in the Indian Ocean, in an apparent bid to remove senior army officers and defence staff.

News agencies quoted diplomats in Nairobi as saying that there were several military casualties in the early morning fighting in the streets of Victoria, but there was no indication that tourists were among the hostages at the radio station.

India acts over foreign equity

By K. K. Sharma in New Delhi

A MAJOR U.S. pharmaceutical company, Smith, Kline and French, is among four foreign companies that are to be prosecuted by the Indian Government for failing to carry out orders to "Indianise their ownership under the Foreign Exchange Regulation Act (FERA)."

Tony Walker on Peking's response to Japan's re-written history Angry China wages war of words

JUST TWO MONTHS ago Zbao Ziyang, the Chinese Premier, visited Tokyo for what turned out to be a most successful round of talks with Japanese counterparts.



Japanese armored cars entering Shanghai in 1937—was it an invasion or just an advance?

Now relations between Peking and Tokyo which appeared to be in good order have been jeopardised by the Japanese Education Ministry's extraordinary re-writing of official history to make it seem that bloody atrocities committed in China by Japan's Imperial Army were not so bloody after all.

Chinese being buried alive in Nanking and still another shows the corpse of a Chinese woman who was raped and then disembowelled by bayonets. If the publication of the photographs has not stirred up a latent anti-Japanese feeling in China it would be surprising.

of cancellations by the Chinese of contracts for large capital construction projects entered into with Japanese companies. Part of the problem appeared to arise out of a breakdown in communication between the two sides.

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AMERICAN NEWS

Reagan supporters optimistic over tax Bill prospects

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

SUPPORTERS of President Ronald Reagan's controversial \$100bn (£58.6bn) tax Bill were yesterday increasingly optimistic that they could push it through Congress in two cliff-hanging votes. The first is due in the House of Representatives tomorrow, while the Senate is set to vote on Friday or early next week.

Many congressmen, however, said they would not be sure of the outcome until the last vote had been counted. A defeat for the Bill would be the most serious political upset for Mr Reagan since he took office, raising for the first time serious questions over his ability to lead an increasingly divided Republican party.

The White House said that following Mr Reagan's nationwide television appeal to the American people for support on Monday night, telephone calls to the White House were running well in the President's favour.

Mr Howard Baker, the Senate Republican leader, predicted that the Senate would approve the Bill if the House did, while Mr Robert Dole, influential chairman of the Senate Finance Committee, said bluntly that it would pass.

The conservative Republicans who have rebelled against this President nevertheless continued their relentless attack on the Bill. Congressman Jack Kemp, one of Mr Reagan's long-standing supply-side supporters, disagreed with the President's contention that the Bill would bring interest rates down.

For their official response to Mr Reagan's speech, the Democrats fielded an influential member of the House of Representatives, who fully backed the President, and a senator who had supported Reaganomics in the past, who remained neutral.

Congressman Thomas Foley of Washington said that although the Democrats differed with the President on many major issues, this was one occasion on which he was right. The Tax Bill would introduce long overdue elements of fairness and moderation, many of them inspired by the Democrats, to balance the excesses of the administration's initial economic policy.

Senator David Boren of Oklahoma said that whatever the outcome of the vote, "it certainly is not going to end a recession and put people back to work." Rather than give outright backing to the Bill, he called on Mr Reagan to support a measure introduced by the Democratic leadership in the Senate that would require the Federal Reserve to reduce interest rates.

Missile plan could breach Soviet pact

By Anatole Kaletsky in Washington

SENATOR JOHN TOWER, chairman of the Senate armed services committee, has said that an antiballistic missile (ABM) system, which could breach the present U.S.-Soviet ABM treaty, will be "essential" to protect the MX strategic missiles which are to be the cornerstone of U.S. nuclear defences in the 1990s.

Senator Tower, one of Washington's most influential figures in defence matters, said on Monday night that a "ballistic missile defence is going to be the essential system of the basing system," chosen for the MX missiles. He added that it "would not bother" him if the U.S. had to abandon or amend its treaty with the Soviet Union, which limits ABM deployment to 100 missiles and 18 fixed radar installations at one site in each country.

The unexpected news that Senator Tower and his committee expects to provide an ABM "overlay" to any MX basing plan is likely to intensify controversy over the much-delayed MX system. The Reagan Administration has insisted that a virtually indestructible MX system is needed to provide a reliable deterrent against a Soviet first strike.

But it has not yet decided on a plan for siting the missiles securely. MX opponents have argued that it would merely escalate the nuclear arms race. The link between MX deployment and abandonment of the ABM treaty seems certain to strengthen the opposition's case.

Senator Tower's remarks were made as he announced that a Senate-House of Representatives conference committee had reconciled various differences between the defence authorisation bills passed by the two chambers of Congress.

Although the total defence authorisation for 1983, at \$178bn (£104.5bn) will be \$5.4bn less than the Administration had requested, President Reagan has secured approval for almost all the controversial items in his request.

Chemical warfare is the one major issue on which the President failed to get his way. The conference committee withheld \$44m to start the production of nerve gas shells, although research and development funds have been authorised.

Delay agreed for Penn chief's evidence

U.S. Congressmen investigating the failure of Oklahoma City's Penn Square Bank have delayed hearing key evidence from the bank's chairman, Mr Bill Jennings, to allow him more time to prepare his testimony, Paul Taylor reports from Oklahoma City.

Nicaragua fears outside aid for opponents

Tim Coone, in Managua, reports on resistance in the north east to the Sandinistas

ZELAYA NORTE is a wild, sparsely populated and largely inaccessible part of Nicaragua. It is a region of breezy pine forests, steamy swamps and impenetrable rain forest. Most of the scattered Indian and Creole communities of the region are situated either on the Atlantic coasting or on the banks of winding and sluggish rivers, many only reached by boat or canoe.

The revolution of 1979 bypassed this isolated territory. For many people often English-speaking and Protestant who remember the distant days when the area was a British protectorate, their first contact with the Sandinistas of the Frente Sandinista de Liberacion Nacional (FSLN) which led the insurrection against General Brasseur Somoza, the U.S.-backed dictator, was when groups of eager young students arrived to help in the 1980 nationwide literacy crusade.

It has only been since the revolution that the first serious attempts have been made to integrate the Atlantic coast into the state of Nicaragua as a whole. For many communities traditionally hostile to government from the Spanish-speaking Pacific coast, the revolution surprisingly brought the first schools, clinics, roads, electricity and economic contact with the other side of the country.

Despite some initial successes, however, Zelaya Norte has today been transformed into a closed war zone.

One year ago, five anti-Sandinista groups, including many National Guardsmen from the former Somoza régime,

THREE PEOPLE were killed and six wounded on Monday during a pro-government demonstration in Masaya, about 25 kilometres from the capital, Managua. The incident occurred after a day of troubles in Masaya. Right-wing agitators, apparently operating from a religious school, are said to have provoked government officials, local people and police, and this led to the demonstration. A right-wing guerrilla unit appears to have opened fire with the aim of provoking a confrontation between the government and Church in Nicaragua.



Atlantic coast but its main pre-occupation is whether external support for the counter-revolutionaries will tip the balance. Joint U.S.-Honduran military manoeuvres, which took place between July 26 and August 6 in the Puerto Lempira region of Honduras—where a number of guerrilla camps are thought to be located—have made the Nicaraguans very jittery. As a result of the manoeuvres, a new military base has been established in the region, 12 miles from the Nicaraguan border, and where it is believed 1,500 Honduran soldiers are based.

The Nicaraguan Government is also worried by the U.S. loans to improve three Honduran airfields, for military purposes, the alleged construction of landing strips at several guerrilla bases in Honduras, and the unprecedented use of unmarked civilian-type aircraft fitted out with rockets and bombs. These were used to make (unsuccessful) attacks on the oil storage facilities at the Pacific port of Corinto on July 19 and the Esso Oil refinery in Managua on July 27.

Meanwhile, with attacks on Nicaraguan border villages and frontier posts rapidly escalating (almost 20 since July 4) and markedly un diplomatic language emanating from both sides of the frontier, the pressure is mounting on the Nicaraguan Government to act directly against the guerrilla bases inside Honduras. However, all are aware—the Nicaraguans, the guerrillas, the Hondurans and the U.S.—that should this happen, the Honduran army will almost surely retaliate. It is the moment the counter-revolution is undoubtedly waiting for.

Alan Friedman in Mexico City reports on the impact of two leaked U.S. documents

U.S. assessment of crisis angers Mexico

MEXICAN GOVERNMENT officials, already troubled by the country's deep economic problems, are said to be furious with Washington as a result of two alleged State Department documents which catalogue the advantages to be gained by the U.S. as a result of the crisis.

The first document, which concerns Mexico's current crisis, concludes that "with the wind out of its sails, Mexico is likely to be less adventurous in its foreign policy and less critical of ours".

The second, which carries a "Secret" classification, deals with U.S. forward planning in Central America. It says that, while "the trend of events in Central America is now running in our favour", it will be necessary to "keep pressure on Cuba and Nicaragua".

one U.S. diplomat said: "I can confirm that it reads like State Department language. The release of the documents in Mexico City reflects the anger felt by senior Government officials at what is perceived to be a U.S. policy of incitement. The revelations come only a few weeks after Mr John Garin, the U.S. Ambassador, angered Mexican officials by appearing on a U.S. television programme called 'Mexico: Times of Crisis'.

In the programme Mr Garin discussed his fear that Central America's troubles could "spill over" into Mexico. This and other comments were viewed by the diplomatic community in Mexico City as rather unfortunate.

The document on Mexico's crisis is devoted partly to an appraisal of how the country's oil-based boom and growth rate has "flattened".

The State Department said on Monday that there had been a "constant improvement" in U.S.-Mexican relations over the past 18 months, and it denied allegations of an American-sponsored campaign to discredit Mexico, AP reports from Washington. Department Deputy spokesman Alan Remberg said: "There is absolutely no anti-Mexican campaign being conducted by the United States."

At the time the paper was completed, Mexico had not yet approached the IMF. The paper states that such an approach would be difficult for political reasons, but adds that Mexico's "access to assistance from other governments is practically nil."

The Mexican crisis will present "both opportunities and risks" for the U.S. As the paper puts it: "Mexico may be willing to sell more oil and gas to us at better prices; it may ease its restrictions on foreign investment; it may be prepared to negotiate a reciprocal reduction in tariffs and other trade barriers; and it may even be willing to co-operate in managing the illegal migration problem."

Although the paper predicts "a less adventuresome" Mexican foreign policy, it ends with this caveat: "It would be unrealistic to expect, however, that even no economically chastened Mexico will compromise its principle independence in any fundamental way."

The paper on Central America asserts that "Mexico's unhelpful role (in the region) is diminishing, as that country focuses more on domestic economic concerns."

Such measures are not spelled out, but the document stresses the need to achieve more Congressional support for U.S. policies in the region. "Human rights concerns, diminished but still present fears of a Vietnamese escalation, and other compelling concerns are all obstacles," the document concludes.

Cuts at General Motors

BY RICHARD LAMBERT IN NEW YORK

GENERAL MOTORS yesterday announced production cuts at a number of its car assembly plants which will result in the indefinite lay-off of 3,100 employees. The company, which had an average of 384,000 hourly-paid workers in the U.S. during 1981, already has 125,000 employees on indefinite lay-off while a further

37,450 are temporarily laid off during a period of model changes. GM said that the latest round of cuts, which apply to four of its 23 passenger car assembly plants, are being made because of weak market conditions. The moves are concentrated in its medium to small model ranges.

Delay agreed for Penn chief's evidence

U.S. Congressmen investigating the failure of Oklahoma City's Penn Square Bank have delayed hearing key evidence from the bank's chairman, Mr Bill Jennings, to allow him more time to prepare his testimony, Paul Taylor reports from Oklahoma City.

ENERGY REVIEW

A sharp shock for electricity supply from Reagan

By David Fishlock, Science Editor

THIS SUMMER, the U.S. electricity supply industry, in the doldrums since the mid-1970s, was beginning to feel more cheerful about its prospects than for nearly a decade. Then, as Congress rose for the summer recess, the Reagan Administration dealt the industry a couple of quick jabs to the ribs.

The blows, in the "revenue enhancement" package passed by the Senate Finance Committee early in July, were proposals to end a time-honoured tax concession for small investors in the industry; and to end a useful leasing concession. But as the industry explores the ramifications of a complex tax bill, it is realising that in the medium-to-long term the cost could be heavy.

The hardest thing for the industry to take was that the blows came from an Administration it believed was on its side, and came without consultation. "There's no doubt that the Bill discriminates against utilities and we are very disturbed about it," says Mr William McCollom, president of the Edison Electric Institute, Washington-based trade association of the U.S. electricity supply industry.

Irate shareholders are already flooding congressional offices with their protests about the prospective loss of a tax concession which allows a man and wife to hold up to \$1,500 of shares in the industry free from tax, provided they reinvest earnings.

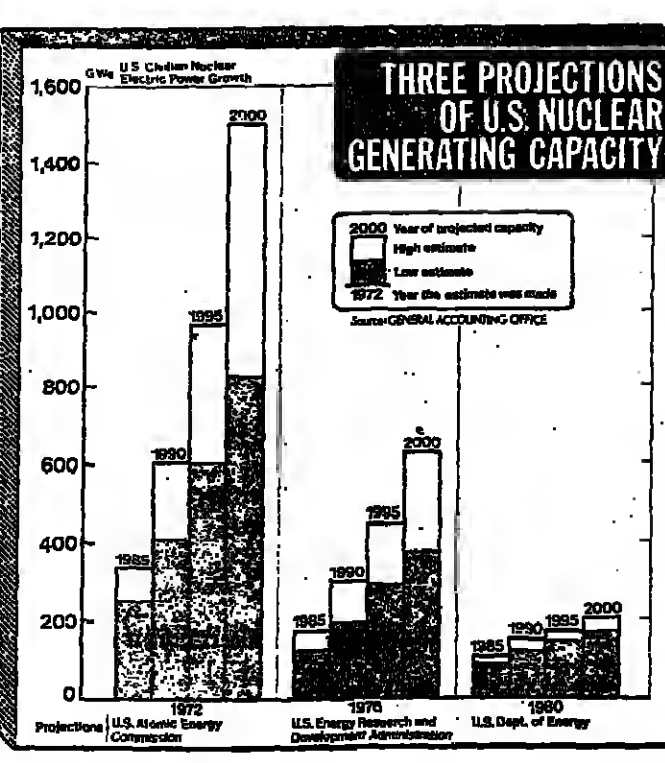
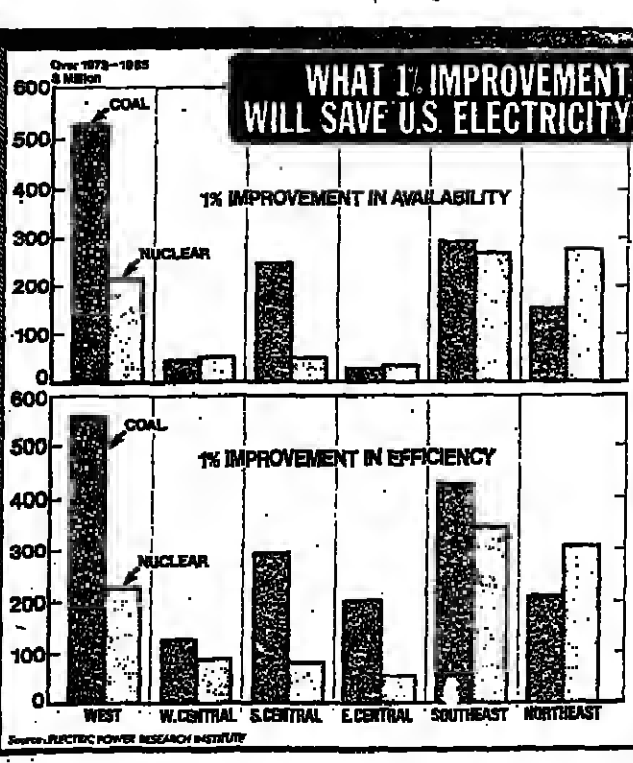
The Edison Electric Institute represents companies supplying 77 per cent of the customers for electricity in the U.S., and 77 per cent of the kilowatts sent out. The other 23 per cent of U.S. electricity is generated by small co-operatives—mostly in rural areas—and by individual con-

sumers and state-owned companies such as the Tennessee Valley Authority. Bill McCollom, former president of a large southern electricity supply company (utility) until appointed to his present post four years ago, has presided over a perceptible improvement in the industry's health over the past year or two. In 1981, its net income was 19.8 per cent up on 1980.

Unfortunately for the investor, it was not able to translate all of the improvement into benefit for its equity investors. Earnings per share rose only 8.7 per cent—partly because of the industry's problems in raising capital to finance construction of new power plant. Return on equity in 1981 was 12.6 per cent, compared with 11.4 per cent the previous year.

The industry as a whole has had a long-running struggle with the bodies which set the price for electricity for each utility. For a decade the price approved has trailed the figure requested by a substantial margin, leaving the industry desperately short of cash for further investment. This has severely penalised nuclear investment, as the most capital-intensive of the industry's technological options. The consequences of nuclear investment are summed up by the chart just published by the U.S. General Accounting Office, comparing three different projections for U.S. installed nuclear capacity by the end of the century.

U.S. electricity price regulation is 90 per cent controlled by state legislation and only 10 per cent by the Federal Government. As Mr McCollom sees it, "the regulators are beginning to address the prob-



lem." Last year, the industry received approvals for some 70 per cent of the money it requested, totalling \$8.3bn, compared with 64.6 per cent in 1980 totalling only \$5.9bn. "The message has got through but it's still an uphill fight," says Mr McCollom. "Less satisfactory for the industry is the quality of its earnings, he says. Over the past two years the proportion of net income that falls in the category of "allowance for funds used during construction"—that is, not available as cash—has risen remorselessly from 25.1 per cent to 44.8 per cent last year. The net result is that the utilities are paying out more in cash dividends than they receive in cash income. "And that's not healthy," Mr McCollom comments crisply.

Some utilities therefore see capital spending quite simply as a hazard, because of its high cost and the difficulty of recovering it reasonably quickly in price increases. They have been postponing or cancelling new plant—not just nuclear stations but coal, fuel conversion and environmental protection projects. "No company is going to build facilities if it doesn't have to," Mr McCollom says. "No utility is going to raise capital if it doesn't have to."

Since 1974 have been either cancelled or placed on an indefinite construction schedule. "Finance is probably the major factor," Mr McCollom believes. Another is the continuing uncertainties of the U.S. nuclear licensing system, especially since the accident at Three Mile Island.

Out on the West Coast, the Electric Power Research Institute (EPRI), the industry's co-operative research and development organisation, whose prosperity is closely related to the financial health of its patrons, has been taking a closer look at the advantages of

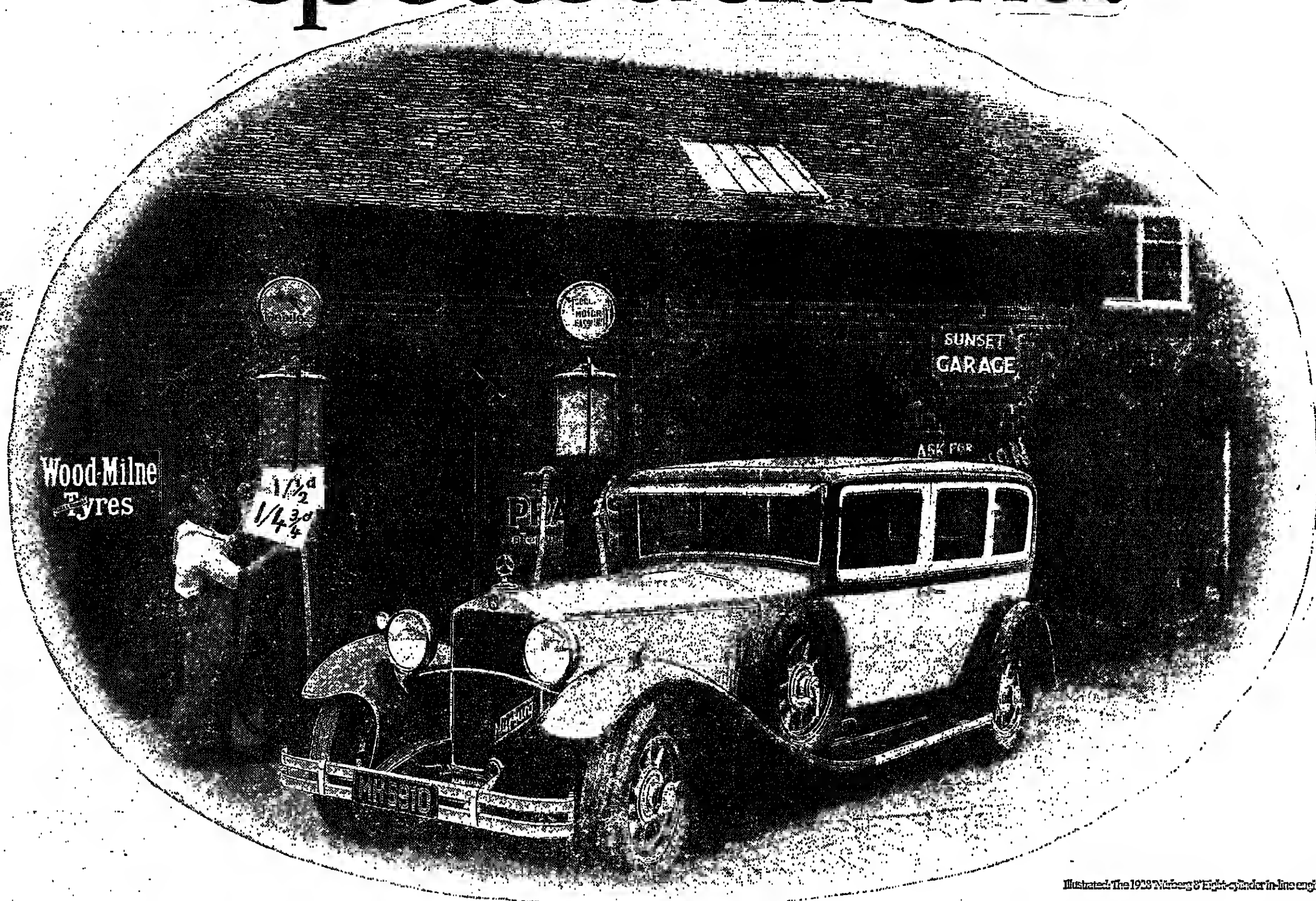
squeezing more from existing generating plant. It has reached the conclusion, in a report expected to be released this month, that the industry could save itself \$2.2bn over seven years by making a "modest" 1 per cent increase in coal and nuclear plant availability over a seven-year period; and another \$3.7bn by making a 1 per cent increase in the efficiency of its coal and nuclear plants.

The project has been undertaken by EPRI's planning and evaluation division. The aim is to try to take account of very wide variations in the experience and the technologies used by utilities across the nation. To simplify the problem, they have divided the U.S. into the six regions shown on the accompanying chart.

A data base has been drafted for each region, describing its generation supply and system load characteristics. This data base was then used to evaluate the economic advantages of making a 1 per cent improvement nationwide in each of four different factors.

It showed that a 1 per cent drop in these costs could save the industry \$127m over the period 1979-83. But it claims that the potential for savings is much higher than 1 per cent—perhaps 10 per cent or higher.

In 1928 Mercedes-Benz spotted a trend.



Illustrated: The 1928 Mercedes-Benz Eight-cylinder in-line engine, 80 hp.

In 1981 Mercedes-Benz introduced the 'Energy Concept', but it was an idea originated by Mercedes-Benz engineers more than fifty years ago.

In the late 20's and early 30's the world first saw unusually large rises in the price of petrol. Spotting this trend in 1928, Mercedes-Benz decided to do something unusual for that day and age—design cars with a regard for fuel consumption.

In 1931 they introduced what could be regarded as the first expression of the 'Energy Concept': The Mercedes-Benz 170. It was not only one of the world's first cars with swing-axles, it also had an overdrive to lower engine speed by 30% and fuel consumption by 20%.

1936. The Diesel arrives.

In 1936, despite other manufacturers' overwhelming preoccupation with petrol engines, Mercedes-Benz introduced the world's first production car with a Diesel engine—the 260D.

It was less greedy and likely to last longer than petrol-engined cars of the day. It became the foundation of the Mercedes-Benz reputation as the pre-eminent builder of Diesel cars. And in the mid-fifties Mercedes-Benz developed and introduced petrol injection in the 300SL. The result: increased performance without a significant increase in consumption.

1979. Amazing aerodynamics.

The new S-Class range, unveiled at the Frankfurt Motor Show in 1979, possessed aerodynamic characteristics never before

obtained in that size of car. This was just one of the reasons why the fuel consumption figures were amazingly low.

It also had redesigned, light-alloy V-8 engines that increased performance while actually lowering fuel consumption significantly.

The 'Energy Concept' took another giant leap forward. Petrol kept going up in price.

1980. Higher performance on less fuel.

This was the year Mercedes-Benz introduced the new four-cylinder engines for the 2 and 2.3 litre series.

These short stroke engines, with cross-flow cylinder heads, attain their maximum torque at low engine speeds. In other words, they can be driven in high gear at low speeds with less engine stress.

Engine noise was reduced and, because fewer gear changes were required, there was less stress on the driver too.

And all the while, petrol was becoming even more expensive.

The Mercedes-Benz 'Energy Concept' today.

The challenge of the Eighties, for all car manufacturers, is to build vehicles that are even more fuel efficient.

The challenge for Mercedes-Benz is to make quality cars that are not only fuel efficient but also offer the high degree of safety and comfort that people have come to expect from the marque.

This challenge has been met. As you can see from this chart of fuel consumption figures, their frugality is impressive. However the character and integrity of the cars is still uncompromisingly Mercedes-Benz.

Official Fuel Consumption Figures.	Imperial mpg—Metric L/100km					
	Urban		56mph/90km/h		75mph/120km/h	
	IMP	METRIC	IMP	METRIC	IMP	METRIC
200 Saloon	22.6	12.5	36.2	7.8	28.6	9.9
200T Estate	22.5	12.6	35.2	8.0	27.5	10.3
230E Saloon	22.2	12.7	36.9	7.7	29.5	9.6
230CE Coupé	21.6	13.1	36.9	7.7	29.5	9.6
230TE Estate	21.6	13.1	36.9	7.7	29.5	9.6
280E Saloon	19.1	14.8	28.7	9.8	23.4	12.1
280CE Coupé	19.1	14.8	28.7	9.8	23.4	12.1
280TE Estate	19.1	14.8	28.7	9.8	23.4	12.1
280SL Roadster/Coupé	19.1	14.8	29.0	9.8	23.5	12.0
380SL Roadster/Coupé	19.9	14.2	30.7	9.2	25.0	11.3
500SL Roadster/Coupé	18.2	15.6	30.2	9.4	24.6	11.3
230SE Saloon	19.8	14.3	29.6	9.5	24.3	11.6
380SE Saloon	20.3	13.9	32.6	8.7	26.2	10.8
380SEL Saloon	19.9	14.2	32.6	8.7	26.2	10.8
380SEC Coupé	20.3	13.9	32.6	8.7	26.2	10.8
500SE Saloon	18.6	15.2	31.0	9.1	24.8	11.4
500SEL Saloon	18.6	15.2	31.0	9.1	24.8	11.4
500SEC Coupé	18.6	15.2	31.0	9.1	24.8	11.4

Nowhere is the 'Energy Concept' better expressed than in the current S-Class.

This car requires less energy to build, advanced alloys make its V-8 engines more frugal yet more powerful. Its famous aerodynamics not only aid fuel economy but also road holding and stability.

Through the innovative use of special steels and aerospace plastics and alloys, the S-Class is not only lighter, but stronger and safer. It has more seating room, improved visibility and a remarkably quiet ride.

In 1982 many manufacturers have an 'Energy Concept'. The Mercedes-Benz 'Energy Concept' has been around for more than 50 years.



Engineered like no other car in the world.

WORLD TRADE NEWS

Anti-dumping duties imposed on E. German chemical exports

BY GILES MERRITT IN BRUSSELS

ANTI-DUMPING duties of almost 30 per cent have been imposed by the European Commission on East Germany's exports to EEC markets of key chemical products. At the same time, Romania has undertaken to raise its export prices of the same chemicals substantially in order to eliminate the injury being caused to Community producers.

The Commission by the European Council of Chemical Manufacturers' Federations (CEFC), the Brussels-based organisation that represents all the EEC producers of the chemicals in question.

UK woollen sales up in value

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

SALES of British woollen goods abroad were slightly higher by value in the first four months of this year compared with the same period of 1980 despite a drop in April.

The industry has experienced a sharp drop between 1980 and 1982, reflecting the world depression. By volume, there was a 12 per cent drop for instance in woollen and worsted fabrics sent overseas.

Bid to block backing for dam

BY JOHN WICKS IN ZURICH

FOUR development aid organisations have asked Switzerland's Export Risk Guarantee Commission not to grant a guarantee in respect of a West African dam project.

from an international consortium by a joint authority of the three African countries, Mali, Mauritania and Senegal.

Taiwan to ease import curbs

TAIPEI—Taiwan has decided to lift import restrictions against 1,500 items of Japanese consumer and fishery goods in two or three phases before the end of this month, economic officials said yesterday.

1981, Japan had a trade surplus with Taiwan of \$3,450m (£1,900m) on total transactions valued at \$9,390m.

Multiple, to offer technology transfer in co-operation projects with Taiwan and to help improve Taiwan's manufacturing industry structure, the officials said.

Lisbon, Maputo sign accord

BY DIANA SMITH IN LISBON

TRADE officials from Portugal and Mozambique have signed a preliminary protocol which prepares the ground for a joint trading company.

have led to efforts by private Portuguese concerns to do active business with the former colony and offer technical assistance.

Political clouds present gloomy prospect for Western computer sales to Russia

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

"YOU HAVE to be an optimist if you are a Western computer salesman in Moscow," says one of their number here, "and hope the political clouds blow over soon."

Table showing Soviet Computer Imports (£m) for various countries: JAPAN (1.45), ITALY (2.74), WEST GERMANY (5.38), U.S. (5.55), U.K. (3.97), FRANCE (3.21).

Crawley, Sussex, may be well placed to fulfil its £8m contract to supply an inventory control system for the pipeline, because of the strong stand which the British Government has taken against U.S. sanctions on the pipeline.

Prospects for sales this year and in 1983 are gloomy, more than one Western computer salesman in his cups ponders, how long it will be before his head office calls him home if the cost of keeping him in Moscow continues to exceed revenue generated in the Soviet Union.

Soviet invasion of Afghanistan, but have been intensified by President Reagan in the wake of the imposition of martial law in Poland.

Some companies, like Redifusion, have obviously done well with salesmen flying in from time to time and operating out of a Moscow hotel room, as opposed to, for instance, other British companies such as ICL and Quest Automation which have permanent offices in the Soviet capital.

Casio to assemble calculators in China

CASIO COMPUTER said yesterday it is preparing to start the assembly of electronic calculators in China, Argentina and Mexico with local interests and using parts supplied from Japan.

A spokesman said the company is planning to assemble 600,000 calculators in the three countries with supplies made in Japan in the first year.

A pragmatic policy for revival

MR GEOFF EDGE is ambitious for the West Midlands Enterprise Board. A former minister in the last Labour Government, now chairman of the county's economic development committee, he sees the board as the means of forming a new relationship between the public sector and private capital.

He believes the West Midlands can give a national lead in providing the risk capital to save many potentially profitable companies from collapse. But he admits the board must "walk a tightrope."

Arthur Smith looks at the ambitious hopes of a county enterprise board

Arthur Smith looks at the ambitious hopes of a county enterprise board

Economic planning tended to be too long-term, normative and not backed up by executive action. The West Midlands county, faced with problems of climbing unemployment and structural change, would take a maximum five-year view, and implement a pragmatic and interventionist policy.

West Midlands REGION IN RECESSION

West Midlands REGION IN RECESSION

The board put up £450,000 of ratepayers' money as equity, with the Northern Bank Development Corporation taking another £100,000 stake. Barclays and its merchant bank also provided finance. For every £1 put forward by the enterprise board, the private sector provided £2, Mr Edge said.

necessary equity capital rather than a loan to help a company over short-term problems. Many companies in the West Midlands might be hit by short-term financial problems but had good markets and long-term profitability.

Mitsubishi bids for Saudi plant

MITSUBISHI Heavy Industries and other Mitsubishi group members have turned in the lowest bid — \$390m (£207m) for a large desalination plant to be built in Saudi Arabia, writes Richard Hanson in Tokyo.

This is one of the largest plant projects to have been tendered for recently in the Middle East. Mitsubishi head six other bids, including those by a Japanese-French consortium, led by the trading house Nishio-Iwai, and the Hyundai group in South Korea.

Liberals voice Alliance worries

BY PETER RIDDELL, POLITICAL EDITOR

FURTHER tensions within the Social Democratic Party-Liberal Alliance surfaced yesterday in a leader in Liberal News, the party's official newspaper, questioning whether Mr Roy Jenkins should be the Alliance's candidate for Prime Minister at the next General Election.

article argues. These doubts are likely to surface at the Liberal conference next month. The leader stresses the need to make the Alliance work and to overcome the friction which has built up over the allocation of parliamentary seats.

Caledonian may offer more seats to Paris

By Michael Devine, Aerospace Correspondent

THE Civil Aviation Authority has given British Caledonian Airways permission to increase the number of seats on its Gatwick-Paris services. However, the extra allocation is still subject to French Government approval.

Signal Life case defendant's assurance

THE solicitors for Mr Tony Carroll, a defendant in the legal proceedings brought by the Hongkong and Shanghai Bank Trustee (Jersey) against the Gibraltar-based life company Signal Life Assurance, said that he had assured the High Court of his willingness to provide any information it may require concerning his involvement in the matter.

SDP launches campaign for PR electoral system

BY PETER RIDDELL

THE Social Democratic Party claimed yesterday that the SDP-Liberal Alliance would have obtained 1,300 seats in the May 1982 local elections, rather than 470, if the number of seats won had been proportional to the votes cast.

Mr Cartwright said: "The Alliance achieved a substantial vote in every council fought and an overall average of 28 per cent, but the Alliance won only 10 per cent of seats, and in many areas no seats at all, with 25 per cent or more of the vote."

320 in fabric fair

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

FASHION Fabrics, the international cloth and fabric fair, has attracted 320 companies to its exhibition at Olympia, London, in October.

Proof 20p coin fully subscribed

THE ROYAL MINT has announced that the 20p coin proof pilot issue has been fully subscribed.

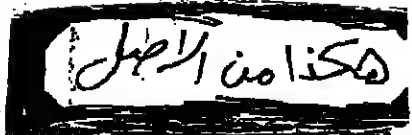
Unlike the circulating version of the 20p coin, the proof was struck using coin blanks of double thickness made of sterling silver. Only 25,000 proof coins were authorised and the entire issue was quickly taken up by collectors.

Securicor aims at 'carphone' market

BY JAMES McDONALD

SECURICOR, better known for its cash-in-transit and express parcels activities, is starting a drive for a dominant share of the car radiotelephone market, which it believes has a big growth potential.

day opened a London showroom in Chelsea. Securicor estimates that about 30,000 people in Britain have two-way radio in their vehicles. It claims to operate the UK's largest private communications networks. More than 5,000 of its own vehicles are linked by radiotelephone to its national network of 33 control centres: about 5,000 other radiotelephone users—handiers, salesmen, maintenance engineers, business and professional people—use Securicor's Relay-phone system.



Investment consortium to revive textile printers

BY ANTHONY MORSTON, TEXTILES CORRESPONDENT

STRINES, one of the oldest names in the textile printing industry, has been revived seven months after its parent group, Tootal, announced the closure of the Stockport company.

A consortium of four investors, all of whom once worked for or were associated with Strines, has bought the company with support from Midland Bank Industrial Finance.

Midland is putting up £450,000, including a 45 per cent equity stake, in the re-established business, which is to trade under the name Strines Textiles.

The consortium four who have put up the balance of the equity are Mr Khalid Azmei, the head of a textile merchandising house in Manchester, who will be chairman, Mr Stewart Schofield, Mr D. R. Gardner and Mr D. J. Hardy. Each will take an executive role in the company.

Strines was set up in 1794 and has been a leading European company since in printing apparel. Mr Schofield said yesterday the company had a high reputation in its field. At one time it printed about 20m metres of cloth a year. British printing last year was about 150m metres.

Mr Schofield said: "We

believe it important the company should continue, because there is a shortage of printing capacity in this country. Much of our printed work comes in from Western Europe. Although the Far Eastern countries are blamed for much of the rise in textile imports, about 70 per cent of our imported printed fabric actually comes from Western Europe."

Strines was part of the Calico Printers Association for years. It came under Tootal control when taken over in 1975.

All four Strines Textiles consortium directors were once part of the CPA and then Tootal, though it is five years since any worked for Tootal.

When Tootal announced the closure of Strines in January the company employed about 600 people. The new Strines, re-registered on August 2, employs 150.

Mr Schofield said: "We would be foolish to start talking of astronomical figures at the moment but with so much printing going on in this country we believe we have the basis for a sound company and one which has potential to expand."

"Many of the smaller printers have good machinery but they do not have the wide range of machines we have in Stockport. This should give us a good

start."

When Tootal announced the closure of the works it blamed a fall in demand for printed fabrics, erosion of cash margins and growing imports.

Outside observers always suspected the closure had more to do with rationalisation of Tootal rather than because of inherent or unmanageable problems in printing.

Tootal has been involved in enormous reorganisation over the past four years. This has seen its UK workforce alone contract from about 20,000 in 1978-79 to nearer 9,500.

It has also changed management. In May it said the headquarters of its threads division, which accounted for 54 per cent of Tootal's pre-tax and interest profits last year, was to be moved from Manchester to the U.S.

The Strines factory was closed by Tootal at the end of June though Mr Azmei and his colleagues had been talking to Midland for months.

Strines Textiles will re-establish its traditional role as a commission print and dye-works to the merchant converting community of the textile trade. It is this group which has looked increasingly to Western Europe.

Scots areas compete for enterprise zone status

By Mark Meredith, Scottish Correspondent

COMPETITION is intensifying between areas for nomination as Scotland's third enterprise zone.

Mr George Younger, Secretary of State for Scotland, announced last month that one of two new zones allocated to Scotland would go to Invergoron, following the closure of British Aluminium Smelters and the loss of 890 jobs.

Scotland has an enterprise zone at Clydebank, near Glasgow.

Dundee was among the most vocal claimants to enterprise zone status. The city council's proposals go before Tayside Regional Council for discussion tomorrow.

The regional council is considering a rival bid from Arbroath, which has similar unemployment problems.

What may count against Dundee is the recently announced £38m scheme co-ordinated by the Scottish Development Agency to encourage new industry.

Dundee has suffered the decline of the jute, ship-building and food industries. It has 5,000 employees, is now the main private employer.

The Scottish Office has given local planning authorities six weeks more to submit their applications to be enterprise zones.

While no applications have been submitted formally, 15 local planning authorities have contacted the Scottish Office for further details.

Among other potential candidates are the Leven area of Fife and Inverclyde in the West.

The Inverclyde proposal, which would involve Renfrew and Cunninghame district councils, reopens long-standing suggestions for an enterprise zone or Customs-free area round Prestwick Airport.

The airport has been hit in the past year by the failure of Laker Airways and withdrawal of British Airways flights.

The airport authority and the district and regional councils have sought ways to stimulate new business for Prestwick.

Seddon in talks with buyers

BY JOHN GRIFFITHS

SEDDON ATKINSON, the Oldham-based heavy truck producer, has begun talks with several potential buyers, following the announcement by its parent, International Harvester at the end of last month that it was pulling out of truck-making in Europe.

IH, grappling with losses expected to reach \$1bn this year, announced that as part of its survival strategy, truck-making would be confined in North America. The future of Seddon Atkinson, which is acquired in 1974, was "under study." IH said later it would be sold off.

Seddon lost \$93m last year. The brief reference to it in IH's Chicago statement sent dealers and suppliers scuttling to the phone to find out what Seddon's future was, or whether indeed, it had one.

Gerry Woodhead, Seddon's finance director, issued a statement that there was "no intention" of pulling down the shutters. There was the possibility of a joint venture, or even of a takeover, he said.

Given the severely depressed state of the European truck market, it was perhaps not surprising that many people leapt to some conclusions about Seddon's prospects.

But Seddon has not cost IH money, except in so far as it has received no dividends since paying \$10m for Seddon's 16m ordinary and 83,000 preferred shares—virtually all those authorised—in 1974.

"We are not financially dependent on International Harvester," Mr Woodhead firmly declared.

Seddon is in the process of introducing new truck ranges which began with the 401 premium heavy duty series last

year and which will extend down to the 16-ton range, with other new models—nine trucks in all—in the near future.

The next two in the range will be launched next month. The investment and tooling in them is already paid for out of retained profits from the boom years of 1978 and 1979.

Seddon's financial year does not end until October. Mr Woodhead said the results would show "a substantial improvement" over 1981. The £9m loss for that year included £2.2m in extraordinary costs, covering the closure of production at Preston and 800 redundancies.

"We did all our cuts in one go last year, when it became apparent that the recession was not going to end quickly."

The company's loss last year compares with one of just under £1m in 1980. Prior to that Seddon had been well into profit virtually throughout its ownership by IH: £8.6m in 1979, nearly £3m in 1977.

Net current assets have dropped from nearly £24m in 1980 to £13.837m. However, bank borrowings have fallen consistently over the past three years and at £2.6m last year were little more than half the 1978 level.

The measures which Seddon took last year to bring output into line with demand were draconian. Its capacity was halved as was the work force, to about 1,100.

But the state of the market made the changes necessary. Seddon makes trucks only in the 12 tons and above sector, and demand for these has fallen from 27,000 in 1979 to 17,781 in 1981, with a slight upturn to 20,000 predicted for this year.

Seddon's own output has dropped from 4,717 in 1978 to 2,943 in 1980, and just under 2,000 last year. So far this year it has delivered about 1,200 trucks and expects to end the year with about 2,000.

Mr Woodhead admitted that, if the trucks recession was prolonged Seddon would bleed to death—a concern shared by almost every other truck maker.

It appears, therefore, that IH's wish to dispose of Seddon does not mean it as a case of an outsider stepping in to pick up the pieces.

The question remains—who might be interested in buying Seddon. With over-capacity still rife, and markets depressed, buyers are thin on the ground.

The company's suitors there were not many potential partners in the UK. The most suitable candidate would appear to be a larger European maker, lured by Seddon's reputation as a premium quality truck maker and its 70-strong distribution network in the UK.

Mr Bob Johnson, managing director, said the most sensible marriage would be with a manufacturer of light and medium weight trucks to which Seddon's heavy duty output would be complementary.

Seddon appeared confident that the timing of IH's planned disposal was not a pressing issue. Its work force, after the initial dismay caused by the Chicago announcement, has been reassured.

Apart from its use of IH engines—though other proprietary ones are optional—Seddon has derived no economies of scale on other components through IH. An end

to its present relationship with IH, therefore would not have much impact in this field.

Mr Woodhead said Seddon would be wary of a "fly by night entrepreneur," as a partner.

Not without reason. Seddon has experience in this field. In 1974, Seddon's directors agreed to the acquisition by IH to avert a takeover by a consortium better known for its property and asset recovery interests.

Seddon's approach to its likely relationship with another large truck company appeared to be pragmatic. It was willing to extract any advantages on joint components which might be available, but not content to become just another Euro-truck.

Its strength has been at the premium end of the market, and it has always been in close touch with customers and willing to custom build for particular requirements.

However, Mr Johnson acknowledged: "We still need a big brother back-up. On the kind of volumes specialists we have, no one can afford the investment costs needed to develop a new truck every six or seven years on their own."

He was also not worried about the risk of Seddon vehicles losing their identity and becoming a "Eurotruck."

"I think any prospective purchaser would recognise that we are seen as local company, which is why we are badged as Seddon Atkinson and not International Harvester."

Sure there might be economies of scale in taking the trucks and putting them on maybe more efficient lines in, say, Germany. But there would be an awful backlash from our British, customers."

Caterpillar to cut 350 jobs

BY LISA WOOD

CATERPILLAR TRACTOR, the world's largest maker of earth-moving equipment, plans to cut a further 350 jobs at its Uddingston factory in Lanarkshire, Scotland.

The redundancies, to be made by November, mean the company will have virtually halved its workforce within 12 months in an area where unemployment is over 17 per cent.

Last year about 850 voluntary redundancies were made in the 2,400-strong workforce. The company said the cuts at the plant, which at its peak two years ago exported 90 per cent of production, had been postponed in the hope of improvements in the market. There were no indications of improvement, however, even to the first and second quarters of 1982.

Last night workers said they had put forward a plan that

would save the jobs. It involved putting the plant on a seven-day fortnight of four days one week and three days the next.

Mr John Gillen, deputy chairman of the shop stewards, said the company had promised to give the plan "serious consideration."

● Gestetner Holdings, the copier and duplicator manufacturer, is to close its manufacturing operation in Copenhagen, Denmark, with the loss of 700 jobs. This will reduce its total Danish workforce to 500.

Mr Douglas Heston, Gestetner's financial director, said: "We are discontinuing the development and manufacture of plain-paper copiers, which makes up most of the activity in Copenhagen."

"We have decided it is better to source them from Japan; we have been importing copiers

from there for more than a year."

In June the company announced it planned to reduce its 2,000-strong workforce at its main factory in Tottenham, North London, by 500. About 200 of these redundancies are because of a decline in the stencil duplicating market. The other 300 are the result of re-designing machinery. No further redundancies were planned.

● The London Electricity Board (LEB) is transferring nearly 400 jobs to the Brixton area of South London as part of a re-organisation of its 10 district depots in London into five divisions.

Mr Malcolm Saunders, deputy secretary of the LEB, said the Wimbledon depot was to close. Operations would be combined into a southern division in Bengeworth Road, Brixton.

Volvo (Truck and Bus) becomes UK company

BY JOHN GRIFFITHS

VOLVO (Truck and Bus), the manufacturing and assembly subsidiary of Volvo (Trucks) Great Britain, has been reclassified by the Society of Motor Manufacturers and Traders as a UK manufacturer.

Volvo's plant, at Irvine, Ayrshire, produces about 2,000 heavy trucks a year, of which a substantial number are exported.

It uses a blend of British and Swedish manufacturing

techniques and has its own design and proving facilities in Scotland.

Over the past two years, Volvo has placed increasing emphasis on the growing UK component content of both its UK and Swedish-built trucks, and its car ranges.

Last year, it claimed that its component purchases from British manufacturers had for the first time exceeded £100m in a single year.

Recession hits entries at commercial motor show

BY JOHN GRIFFITHS

THE CONTINUING recession in the commercial vehicle industry is having a marked impact on the Society of Motor Manufacturers and Traders' commercial motor show, which takes place with the cars exhibition at the National Exhibition Centre, Birmingham, in October.

The number of commercial vehicle manufacturers taking seats at the show is down to 28, from 31 in 1980, while the effect on manufacturers of

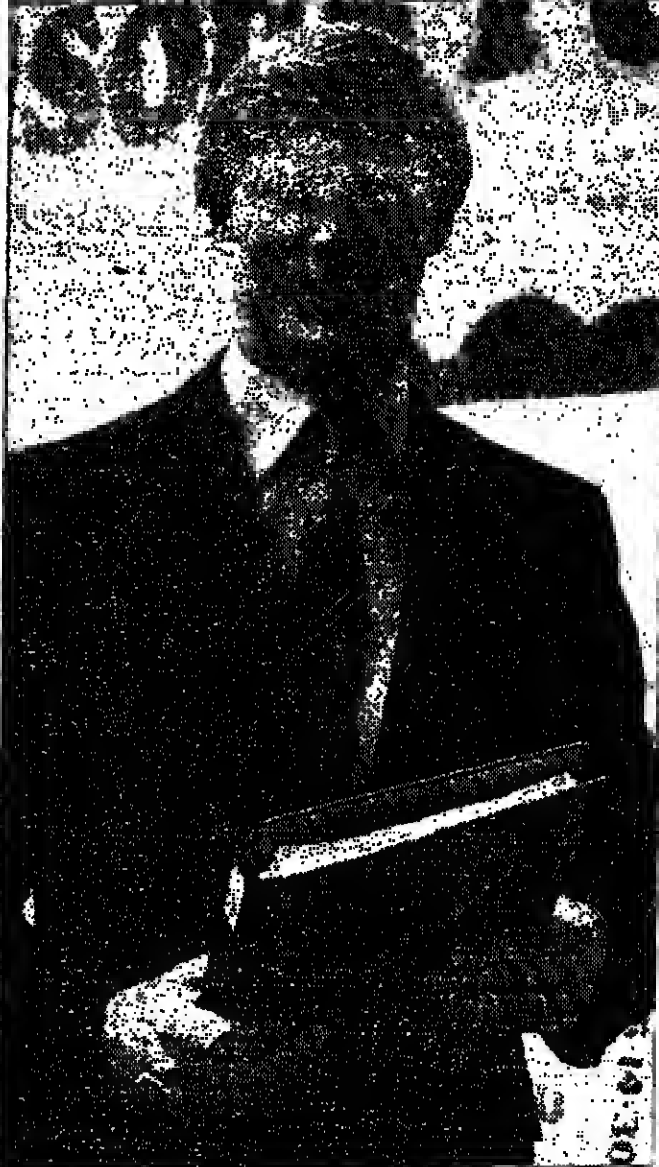
trailers and specialist bodywork is even greater.

About 25 companies in these sectors have booked space, against nearly 50 two years ago.

Two of the leading semi-trailer manufacturers, Crane Fruehauf and York Trailer, will not exhibit, for the second commercial vehicles show in succession.

The trailer industry has been particularly badly hit by the recession.

What if you chose Hewlett-Packard as a computer partner?



"We wanted to improve our supply service to merchants and to farmers... the HP 3000s have rapidly become a central part of our operation."

Peter Gibbs, Marketing and Sales Director Fisons Fertilizers.

Last year, Fisons Fertilizers, now owned by Norsk Hydro Fertilizers Limited, decentralised their distribution and sales to become more effective in the competitive UK fertilizer market.

A change in DP strategy was a key factor in getting the new regions operational fast. Minicomputers were needed that could be linked to the central system and be easily operated by employees with no computer experience.

Hewlett-Packard computers were selected for their performance, reliability and back-up services. In four months a complex order-processing system was developed and installed at one site. Orders which are phoned in, can be entered directly into the system. Progress is monitored easily and paperwork and data preparation is vastly reduced. Now the system is fully operational at all sites and new applications are being developed using HP software.

Says Peter Gibbs: "Some of our staff were unsure of the value of computer terminals but they surprised themselves at how quickly they felt comfortable with the system and its versatility. Day-to-day service to customers is now much more efficient at the regional distribution centres. In addition, our management are starting to get fast and accurate information to enable them to make better marketing and financial decisions."



"Our HP 3000s have helped us achieve a great increase in productivity in our computer departments, which is reflected throughout the Group."

Peter Dobson, EDP Adviser, Glaxo Holdings p.l.c.

The Glaxo Group, Britain's largest pharmaceuticals organisation, ordered their first Hewlett-Packard computer in July 1978 and by October the HP 3000 Series III was up and running. Three years later, the computer network has increased to 17 intercommunicating HP 3000s in offices and laboratories throughout the UK. They include the HP 3000 Series 64—up to five times as powerful as the original Series III.

Meanwhile Glaxo companies throughout the world have followed suit. Six overseas operations now have HP 3000s, and others have smaller HP computers. More are planned and the aim is to have them all linked by communicating software.

In fact, the communications software was a major factor in the choice of system. Another was the simple but effective data-base management system, with its high-level, user-orientated language which accelerated its acceptance by non-EDP staff.

The Group's EDP Adviser, Peter Dobson states: "The HP 3000 range offered us compatibility between all our operating companies, and adapted easily to very different sizes of user. The steady flow of new products since then—both hardware and software—has been very impressive and fully justified our decision."

You too could count on results

Desk-top computers, mini-computers, powerful, multi-terminal data-base systems, distributed systems... HP's management computer range is dedicated to delivering the power and adaptability your operation needs.

The performance of an HP system, its engineering excellence, its reliability and its service support, have only one criterion of success—the tangible results it brings to the user. That's true not only of HP computers but of HP electronic, medical and analytical instruments and systems, HP semiconductor components and personal calculators. Hewlett-Packard in Great Britain

In 1981 Hewlett-Packard Limited had a turnover close

to £120 million which puts the company well into the top 500 'Industrial' companies in the UK. Employees now exceed 2,000, of whom more than half are in sales and customer support.

Worldwide, Hewlett-Packard Corporation has a turnover of £1,650 million of which approximately half arises outside the USA.

A working partnership

The Hewlett-Packard approach to its customers is based on a working partnership—one which starts with the definition of computational needs and continues with the provision of first-rate after-sales service. There is a choice of support options ranging from planning and installation, training, consulting and software support, through to hard-

ware maintenance and computer supplies. Hewlett-Packard has invested heavily in the provision of customer support centres throughout the UK. HP runs two major training centres at Manchester and Pinewood, near Wokingham, as well as engaging in extensive on-site training programmes.

Alternative financing

Hewlett-Packard Finance Ltd, HP's own finance company, has developed flexible leasing and hire purchase packages which can be tailored to your financial requirements.

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HP is dedicated to excellence in all aspects of business. This informative management booklet summarises the expertise, resources, support and computer products we bring to customers. For a free copy write to: Pat Warland, Hewlett-Packard Ltd, Nine Mile Ride, Easthamstead, Wokingham, Berks, RG11 3LL.

When performance must be measured by results

HEWLETT PACKARD

LABOUR

Boyd urges Boilermakers Society to reject merger with GMWU

BY JOHN LLOYD, LABOUR EDITOR

LEADERS of the Amalgamated Union of Engineering Workers have taken the unprecedented step of appealing to rank-and-file members of the Boilermakers Society not to merge with the General Municipal Workers' Union...

and members of both are about to hold a ballot. I hope Sir John is not trying to influence the result of that ballot...

Civil Service unions voice Megaw doubts

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CIVIL SERVICE union leaders agreed yesterday not to hold even informal talks with the Government on the findings of the Megaw inquiry into their pay until all nine unions involved have reached firm conclusions on the inquiry's outcome...

Right-wing coup ousts Ken Gill

A SENIOR left-wing TUC General Council member has been removed from chairmanship of a major union committee in a right-wing coup...

Post engineers plan action

BY DAVID GOODHART, LABOUR STAFF

ABOUT 1,000 engineering maintenance workers in the Post Office are threatening a one-day strike on August 23 in a row over bank holiday manning levels...

No deal yet on London Tube cuts

BY DAVID GOODHART, LABOUR STAFF

NO SUBSTANTIAL agreement on short-term savings has come from the first five meetings of the London Transport-union joint working party on the future of Underground services...

Labour Party staff end pay revolt

BY OUR LABOUR EDITOR

THE REVOLT by staff at the Labour Party headquarters which had threatened arrangements for its annual conference in October, is over...

UK NEWS

BP's Buchan field stake to be cut

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM is about to lose a major producing interest in the Buchan oilfield in the North Sea. The company confirmed yesterday that as a result of the final redetermination of the field's reserves the BP-led consortium's stake in Buchan was being reduced from 94.866 per cent to 90.763 per cent...

it did so on the basis that its share of production would be halved once it had recovered its portion of the field's development costs. It is understood that it will have recovered its costs through production revenue next year...

Hebrides shipyard deal may save jobs

By Duncan Campbell-Smith

HUNDREDS of jobs could be saved in the Hebrides following successful conclusion yesterday of negotiations over ownership of Lewis Offshore, a small shipbuilding venture which closed last month with loss of 400 jobs...

Cellulose market war threatens 650 jobs

BY SUE CAMERON

BRITISH SIDAC'S planned closure of its cellulose film factory at St Helens on Merseyside marks another stage in the long market battle between traditional, natural materials and their newer, synthetic competitors...

aging product. He recalls the time "when you used to be able to take the wrapping off the biscuits and get at them without totally crushing the packet like you do now because plastic film has largely taken over that particular market..."

Power station to reopen

BERKELEY nuclear power station, Gloucestershire, should produce electricity by the end of the week for the first time in more than a year...

IRA suspects freed as husband retracts evidence

FIVE MEN facing IRA terrorist charges were discharged from a Belfast court yesterday when the husband of a kidnapped mother-to-be withdrew what he had said to police while in custody...

Depositors 'will not be named'

By Our Isle of Man Correspondent MAINLAND depositors will not be named during statements made by the liquidators of the Savings and Investment Bank...

Coutts & Co. logo and text: Coutts & Co. announce that their Base Rate is reduced from 11 1/2% to 11% per annum with effect from the 18th August 1982 until further notice.

National Westminster Bank PLC logo and text: NatWest announces that with effect from Wednesday, 18th August, 1982, its Base Rate is reduced from 11 1/2% to 11% per annum.

Venture capital on easier terms. HAFREN logo and text: If you need risk funds, you'll find that most investors will look for a hefty return. Particularly where new ventures are concerned...

Arabic text: هكذمان التكميل

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Europe: victim of a blinkered view of Japan's opportunities

Michael Dixon talks to the director of INSEAD's Euro-Asia Centre

ASKED what would be more difficult than selling sand to Arabs, many Western executives might suggest selling management training to Japanese.

"When we go to teach management in Japan we fill the house," says Professor Henri-Claude de Bettignies, the sprightly director of the centre which he founded in the mid-1970s.

Besides Japan, the area consists mainly of the five ASEAN countries of Indonesia, Malaysia, Philippines, Singapore and Thailand, and the newly industrialising South Korea and Taiwan as well as Hong Kong.

Supplying the East with knowledge of western management constitutes only half of the centre's two-way service. But eastern interest in this half contrasts with general indifference in the West to the possibilities of the other half.

profitable shares of the region's expanding markets. "We need those markets for Europe's future," Professor de Bettignies says.

"The Philippines is considered the laggard among the ASEAN countries," adds his colleague Helmut Schütte. "The reason is that it has average growth of only 5.47 per cent. Hell! But in recession European companies have withdrawn from the East so as to concentrate on our own continent and America."

The idea that Western businesses' chariness of the eastern markets may be founded on careful research into their possibilities, raises a howl of laughter. The centre's staff, it seems, is repeatedly confounded by the ignorance of Pacific Asia shown by leaders of even the few European companies thinking of going East.

At a recent conference in Stockholm on prospects in Malaysia, for example, one of

the senior managers attending pointed out that it was a certain lethal instability in the Malay character which gave rise to the phrase "running amuck."

Once the experts on the platform had established that the questioner was serious, they managed to assure him that life in the territory was no longer, if it ever had been, quite as described in late-Victorian adventure stories for boys.

Less old-fashioned but equally unrealistic, which betrayed an ingrained Western attitude probably harder to change.

Arrogant

The conference had just heard an authoritative account of how, since Malaysia's racial riots in 1969, its entire policy had been dictated by the iron rules of its Government's economic programme.

Henri-Claude de Bettignies declines to speculate on whether such arrogant attitudes are the last shaky refuge of imperialism.

But he says that while the West is generally ignorant about real conditions in Pacific Asia as a whole, the arrogance does not apply in the case of Japan.

Indeed the spectre of Japan so dominates Western thinking that the region's other countries often go unnoticed. "If your clients include Japanese, we're not interested," is a reason frequently given by European businessmen for refusing the centre's services.

"We in the West are less interested in expanding our business than in how the Japanese manage theirs. But our problem will not be solved now by learning to manage like Japanese, I think. It is too late. Also there are cultural differences which make barriers to transplanting processes from their society into ours."

One difference, for example, is that in Japan children tend to be trained from kindergarten to subordinate their individuality to the role they are allotted in a hierarchical group. The professor feels that people brought up in more or less the opposite convention are less likely to cooperate in quality circles than merely to chase one another's tails in them.

But I have less patience still with Europeans who insist Japan's miracle is ending—the young there have lost the work ethic, the unions are growing stronger and so on. This is wishful thinking, I suspect.

"We have comforted ourselves in such ways before. In the 1960s Europeans ridiculed Mr Ikeda's promise to double the income of Japanese citizens in five years. It was done in less time. In 1974 it was said that the high oil price would soon kill them off economically. But they are more competitive now than they were then. Their flexibility is clearly great."

"What a pity that we cannot lose our fascination with the Japanese and look more widely. For we might see that Japan is no less worrying to other countries of Pacific Asia. They do not wish to be taken over economically as they once were militarily."



Henri-Claude de Bettignies: "In 25 years' time, the West can no longer be running the world"

How design may fit the theory of economic 'long waves'

BY CHRISTOPHER LORENZ

IN EARLY 1938 Britain's Journal of Decorative Art carried an advertisement for "Hall's Distemper."

Not content with this four-fold repetition of the word "new"—an excess for which any modern copywriter (or journalist) ought to be sacked—it rammed home the point with graphic symbols of electricity, aeroplanes, and skyscrapers.

A year later, as the war clouds gathered, all mention of progress had disappeared from the company's advertisement in the Journal, and so had the new products and processes. All that remained was the "new friends."

The idea that advertising reacts to the mood of the times—as well as helping to create it—is by no means new. But, by courtesy of Dr John Langrish of the Institute of Advanced Studies at Manchester Polytechnic, it has now been linked into a study of whether shifts between optimism and pessimism in design run parallel with the newly fashionable concept of "long wave" economic cycles.

In a paper on "cycles of optimism in design" which he presented last month at a week-long international conference on Design Policy at Britain's Royal College of Art, Langrish emphasised that, like many other academics, he was by no means completely convinced that such long wave cycles do in fact exist.

In essence, the theory of long-wave "Kondratieff" cycles named after the propagator of the idea is that the capitalist world economy is continually in a cycle of about 55 years' length, moving through revival, prosperity, recession, depression and back to revival again.

The dates which are generally taken as the start of periods of prosperity are 1787, 1843, 1896 and 1954. A period of major technological change is seen by some—though not all—adherents of the theory as preceding each revival.

By this reckoning we will virtually have to reach the year 2000 before we can expect the clouds of recession to lift. Or, more specifically, the world will still have to shakele through a full-blooded depression before we have any chance of recreating the sort of conditions we knew in the late 1950s and 1960s.

With economists all over the world failing to comprehend why the international economy is not responding to either Keynesian or monetarist policies, it is not surprising that Kondratieff's theory is again in fashion.

Optimism

As Langrish says, if enough people believe in this sort of cyclical change—then—through the workings of the cycle or just the mechanism of self-fulfilling prophecies—the present recession/depression is going to get worse before it is followed by a burst of new technology, and a resultant "new age."

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The current trend towards what Langrish calls "anti-science" militates against this, of course. Whereas the science of silicon

chippery does appear to sell certain types of product—Zanussi washing machines, for example—or Philips television ("simply years ahead")—there is a growing number of backward-looking advertisements, particularly from the food industry (Hovis bread and biscuits, all sorts of beers) and so on.

Whatever the social mood, there will always be a mixture of optimistic and backward-looking advertisements, depending on the type of products and the marketing strategy of its manufacturer. Thus in optimistic 1938, when Hall's Distemper was going over the top with its "newness, a white lead company mirrored the reader into its product was made by the old stock process," the advertisement featured a picture of a medieval herald.

Langrish's "optimism index" plots the balance between forward and backward-looking advertisements, by dividing the latter into the former.

Forward-looking adverts contain adjectives like modern, scientific, and contemporary, refer to concepts such as progress, and use pictures of symbols to express modernity or the future. Backward-looking adverts appeal to long-established traditions of purity, reliability, expertise and contain symbols of the past, such as a coat of arms.

In 1928 optimism clearly had the upper hand, in contrast with the early 1930s. In the late 1950s and 1960s optimism was even more dominant, before the slump towards backward-lookingness in 1980 and 1981. The fact that optimism is still marginally on top may be a tribute to the growing sophistication of the advertising world over the last 50 years, or a testament to its recklessness in the face of prevailing social attitudes.

"Paper published in July 1982 issue of 'Design Studies' journal, from Butterworth Scientific, PO Box 63, Westbury House, Bury Street, Guildford, Surrey GU2 5BH, England. Annual subscription £60; single copies £15."

Full conference proceedings will be published shortly by Department of Design Research, The Royal College of Art, Reusington Gore, London SW7 2BU.

BOARDROOM BALLADS PETER'S PRINCIPLE Peter Parker picked a proper roster, A proper roster's Peter's requisite; But if Peter's roster's properly to prosper, It'll cost a proper public deficit.

TECHNOLOGY

How to take a long-term view of fundamental scientific discoveries Lure of genetics in Boston

BY DAVID FISHLOCK, SCIENCE EDITOR

A SENIOR American research scientist, working in Britain for the past ten years, has been wooed back to Boston as director of research for a biotechnology company set up only last year.

Dr Robert Kamen, 38, director (and founder) of the transcription laboratory at the Imperial Cancer Research Fund laboratories in London, hopes to take his research—and three of his team—to the U.S. this autumn.

Is Dr Kamen abandoning research at the frontiers of a fast-moving science for "boring technology," as some of his fellow-scientists assert?

The magnet for this soft-spoken New Yorker is a company called the Genetics Institute, brainchild of two Harvard University professors, Mark Ptashne (41) and Thomas Maniatis (38).

In the past year this pair has recruited about 15 senior research workers, all under 30, and their support staff, totalling 50, before deciding that they needed someone to supervise the research programme as a whole.

asked Kamen to consider the job, with the extra inducement that he should bring his own research with him, to be funded by the new company.

The Genetics Institute is a research company undertaking contract research for multinational corporations in "genetic engineering." Mostly the company generates the proposals and looks for corporate support, preferably as a joint venture to help ensure the long-term commercial commitment of the sponsor.

For example, the U.S.-based health-care group, Baxter Travenol Laboratories, is paying for a project to try to produce by genetic engineering factor VIII, the blood factor which causes clotting and which is missing in the genetic disease haemophilia.

Given enough factor VIII, doctors could consider treating haemophilia—no rare disease—much as they treat diabetes, with a maintenance dose of the missing protein. Today it is simply too costly and scarce. Only the West and Japan are treating the disease at all.

This is a problem genetic engineers class as one of "extreme difficulty" because the protein is not yet well characterised and it is hard to get enough pure factor VIII

from blood to do it. Even a measure of the bio-activity of this protein is still fairly crude, for its main known characteristic is that it clots blood.

Modifications

If a gene for factor VIII is ever successfully isolated, its expression in an organism which can be cultivated by fermentation is going to be another difficult step. Kamen says.

It is a large protein which will experience what the genetic engineers call post-translational modifications that change the product. It is not obvious that such a protein could be expressed successfully from simple vector such as E. coli. This is where Kamen's own experience with viruses may be invaluable.

If factor VIII ever gets to the stage of being expressed in useful amounts, the fermentation division of the Genetics Institute will be brought in. This division is backed by one of the sponsoring corporations, Jacobs Engineering, a leading U.S. supplier of fermentation plants.

Then, Kamen says, the company will have to start worrying about safety testing—"a not inconsiderable problem" given that there are no standards yet for the safety of a genetically engineered drug which people may be taking for the rest of their lives.

"So there is a whole series of basic research problems to be solved," and solving them will probably make an important contribution to knowledge of blood clotting. In fact, he believes any team which solves any one of these basic problems will probably earn an international reputation.

Challenges of this calibre—the Genetics Institute has five or six, mostly kept secret for commercial reasons—have drawn Kamen from the London laboratory where he has worked for nearly 10 years.

Another example, which at this stage seems still further from the marketplace than factor VIII, is genetically engineered human lymphokines and monokines, the hormones that seem to regulate the body's immune system.

venture Sandoz, the Swiss drug company is supporting this research project. This summer it made an equity investment of 5 per cent in the Genetics Institute.

The two partners see it as the basis for a long-term co-operation in researching immune mediators.

To Gabriel Schneringer, chief executive of the Genetics Institute, "the Sandoz deal is truly a joint venture, the model for the sort of deal we like to do. Mostly his company is hyping the easier genetic engineering targets—those likely to come to fruition in the



Dr Robert Kamen (seated) with members of his London team, left to right, Zuoyan Zhu, a visiting scientist from China, Dr Trudi Veldman, a research fellow, and Allison Cowie, senior technician

next three-five years, and going for those where 'few if any will succeed'.

Dr Kamen sees the Genetics Institute as "a very good collaboration between good science and good business." Its chairman, William Paley, founder and chairman of CBS, even joked that if Kamen gave up his own research, they didn't want him.

He believes that the new biotechnology research companies should survive only by keeping very close to fundamental scientific discoveries. "And that means you have to have something to trade."

The Genetics Institute, based in laboratories of an abandoned private hospital close to the Harvard Medical School, expects to have a staff of about 70 by next summer. But by the end of 1983 it plans to move to its own new laboratories with space for about 130.

But the five-year Canadian-Saudi collaboration agreement—which is to embrace advanced training as well as research—could lead to a substantial cost reduction, fulfilling mankind's ancient dream of producing vast quantities of fresh water from the sea.

This would be a timely development, for the United Nations has declared the 1980s as the International Water Supply and Sanitation Decade, intended to transform the lives of many millions of people in the developing regions where 80 per cent of all illness is blamed on the inadequate water supply. THOMAS LAND

EDITED BY ALAN CANE

OVERSEAS MOVING BY MICHAEL GERSON 01-446 1300

Machine tools Automatic bar stock marking

AN automatic machine for the continuous marking of bar stock has been developed by S. P. Marking Products of Chard, Somerset.

It operates on the roll marking principle and eliminates the need to mark individually pieces produced on autos and capstans. It can equally well be used by scaffolding manufacturers who need to mark steel or aluminium lengths for security reasons.

The machine can deal with up to 12 ft lengths, flat, round or hexagonal stock of 1 to 4 in diameter and 3 in to 3 1/2 in across flans.

Marking may be on one or two opposite faces with dies easily changed for single or double side marking. The dies can be engraved with code, symbol or number as required. Vertical pneumatic pressure controls the depth of mark and provides a cushioning effect to ensure to maintain a consistent depth of mark in the event of slight variations in the thickness of workpieces. More on 04808 3747.

Desalination of sea water Reverse-osmosis process looks promising

A NEW process for the desalination of sea water has reached the threshold of economic feasibility. Its progress will be accelerated under a multi-million dollar collaboration agreement just reached between the University of Toronto and King Saud University in Riyadh.

The reverse-osmosis process, borrowed from nature, has been developed over the past decade and a half. At present, still at an early stage of its development, water-osmosis requires about half the energy input needed in conventional distillation to produce the same quantity of pure water.

Riyadh project and elsewhere—are expected to reduce the present energy input by half again.

Water purification installations based on the process can be built in something like half the space and two-thirds of the time it takes to erect comparable distillation plants.

The financial terms of the exchange programme have not been disclosed, but Gordon Slemon, Dean of engineering and applied science at Toronto University, has said: "This is the most developed relationship I am aware of between the Saudis and any university in North America." This is significant, for Saudi Arabia's higher education infrastructure has

been erected in the past 15 years with great assistance from universities in the U.S.

As it name implies, reverse-osmosis reverses the tendency of liquids filtering through a membrane to flow from a dilute solution on the one side to a concentrated one on the other.

Water treatment plants deploy man-made materials for filters including millions of hair-thin tubes. The water is forced through these under pressure and the dissolved solids in it are simply left behind.

Some are to be built aboard ships which could serve several areas as the need arises.

The technology is still expensive, calling for heavy initial capital investment and an operating cost of something like \$4 per 1,000 gallons of water, limiting the immediate scope of the process to the profitable agro-industries and the big

cities of the rich world. But the five-year Canadian-Saudi collaboration agreement—which is to embrace advanced training as well as research—could lead to a substantial cost reduction, fulfilling mankind's ancient dream of producing vast quantities of fresh water from the sea.

Gate arrays U.S. companies in joint silicon chips agreement

MOTOROLA and National Semiconductor, two major U.S. electronics manufacturers, are investing a total of U.S.\$100m in new plant and equipment to make gate arrays following a joint agreement.

Gate arrays are silicon chips which are half-way between a standard component and a specially designed custom integrated circuit. All but the last layer of each chip is built up in layers like a jam sandwich cake and is common to all circuits. The customer decides how the circuit will operate by

specifying the last layer. This way, gate arrays are far cheaper than conventional custom circuits.

The agreement between the two U.S. companies means that a customer can obtain circuits from either organisation since they use identical processing and design systems. In electronics it is important to have at least two sources of supply. Motorola and National Semiconductor want to expand their gate array production because the market for such circuits is expected to reach at least U.S.\$1bn by 1985.

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FT COMMERCIAL LAW REPORTS

Guarantee not a condition of contract

COMPAGNIE GENERALE MARITIME v. DIAKAN SPIRIT SA

Queen's Bench Division (Commercial Court): Mr Justice Goff: July 22, 1982

A CONTRACTUAL term of which there might be varying degrees of breach resulting in a breach of contract... The charterers instructed a naval architect to advise them... He discovered that the source of the stability problem was a serious error in the vertical centre of gravity of the lightship...

On June 4, 1979 the charterers cancelled the charterparty. The charterers contended that they were not entitled to do so and were in wrongful repudiation of the charter. The umpire in the dispute found that the vessel lost time due to the owners' breach of the speed warranty and that the charterers' delay and demurrage resulted from the stability problem...

His Lordship said that the vessel was chartered to operate on a time-charter to a particular liner service between Sydney and the Pacific Islands. It was important that the vessel should be capable of providing a regular and reliable service according to the advertised schedule...

The vessel was delivered to the charterers on December 17, 1978. During her charter service serious shortcomings were revealed. Because of a stability problem large angles of heel were experienced when loading and discharging containers...

Before Hong Kong Ship Services v. Kaitaki Kisen Kaisha [1982] 2 QB 36 it was widely thought that contractual terms fell into two categories—conditions and warranties...

In that case, however, the Court of Appeal held that there might be terms which could not be classified as conditions, but the breach of which would be sufficiently serious, might give rise to a right to terminate...

The court found that the guarantee clause was not a condition of the contract, but a warranty which could be breached without giving rise to a right to terminate...

GARDENS TODAY

The magic of Gertrude Jekyll

BY ROBIN LANE FOX

GERTRUDE JEKYLL is a magic name for gardeners nowadays. She was the acknowledged artist of the herbaceous border, alert to colours and the forms of plants to a degree which all her friends admired...

Jekyll's fans to enjoy. There is still work to be done and canals to be repaired, so we will do well to support a project which has added notably to the living history of the garden...

What about Miss Jekyll's books? I confess to reading them less for the gardening than for the insights into her personality and the ways of Edwardian middle-class housewives...

Flower Garden (£12.50 reprint) is more instructive. The plants have changed names or multiplied varieties, while the size of our gardens has shrunk. But Miss Jekyll herself made her best garden in a mere half-acre and repeats that size has nothing to do with a garden's merit...

Photographs

Of the first two reprints, her Garden Ornament (£19.50) is a splendid collection of photographs. The scarce early editions would cost you up to £100 nowadays if you could find them, so this re-issue is a welcome alternative...

Colour Schemes for the Garden (£12.50 reprint) is more instructive. The plants have changed names or multiplied varieties, while the size of our gardens has shrunk...

Anyone who wants to plant a pretty garden should read this first. It has never been replaced. It is for her observation that I most admire her. Month by month, Colour Schemes takes us round the parts of her small garden, the Hut and the Hidden Garden, the Wood Path and the rest...

Earlier this month at Pontefract, Bedford returned to the winner's enclosure for the first time in eight years after notching a half-length success over Franceco...

York: 3.05—Bedford, 3.35—Touching Wood, 4.10—Royal Heron, 4.45—Capricorn Line. Yarmouth: 2.15—Roanoke River, 3.45—Zariya.

At the head of the market there is virtually nothing to choose between the prices offered against Lusitania, Military Band and Karadar.

RACING

BY DOMINIC WIGAN

ONE OF the smallest Ebor fields in living memory will line up for today's renewal of the Tote sponsored handicap with just 15 runners due to take the field...

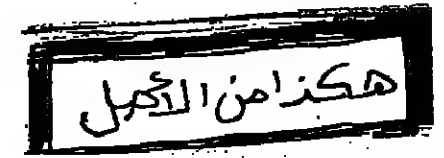
At the head of the market there is virtually nothing to choose between the prices offered against Lusitania, Military Band and Karadar.

TWO NEW REASONS WHY BOEING IS THE WORLD'S FAVOURITE WAY TO FLY.



More people prefer flying Boeing jetliners than any other aircraft. Now the new Boeing 767 and 757 launch a whole new generation of twin-engine fuel-efficient jetliners. The wide-body, twin-aisle 767 is designed for flights of two hours or more - a spacious, extremely comfortable way to fly...

Television and Radio listings for BBC 1, BBC 2, Channel, Granada, Radio 1, Radio 2, Radio 3, Radio 4, Radio 5, HTV, TSV, Tyne Tees, Ulster, and Yorkshire.



THE ARTS

Television/Michael Thompson-Noel

Australia wastes a multi-cultural opportunity

For a land of 15m people that despite its very generous budget, Channel 0/28 is currently reaching as few as 1.8 per cent of the country's total viewing audience...

multi-cultural talent. Yet, however hard I spin the dial, I cannot summon up 0/28. Of course, there is an official excuse — there always is — which is to do with pylons and atmospherics and problems of transmission...

Channel 10 has launched Parkson in Australia, a reasonably faithful version of Michael Parkinson's London chat show which—even Australians admit—is providing excellent Saturday viewing.

The ethnic minorities for whom Channel 0/28 is supposed to cater are reluctant to discuss its shortcomings, for fear they will lose it, but exasperation is showing through.

Channel 0/28 is supposed to cater to ethnic minorities, but they are reluctant to discuss its shortcomings, for fear they will lose it, but exasperation is showing through.

Channel 0/28 is supposed to cater to ethnic minorities, but they are reluctant to discuss its shortcomings, for fear they will lose it, but exasperation is showing through.

The Confidence Man/Santa Fe Opera

Andrew Porter

The Santa Fe Opera, in its 28th season gave the premiere of George Rochberg's first opera, The Confidence Man, based on a tale told during Melville's novel of almost the same title...

It is a thin plot for an opera. In the novel, things are complicated by the facts that the tale is told by the Confidence Man by one Egbert, who is a parody of Thoreau, himself parodying the style of his "mystic" master, Emerson...

The Rochbergs — the composer's wife, Gene, is the librettist of his opera — have the tale told by the Confidence Man himself (who is probably the Devil, aboard a Ship of Fools, though he has also been identified as Uncle Sam, Orpheus, and Christ; what he preaches is, in effect, the Sermon on the Mount's "Give to every man that asketh of thee...").

The piece could be dismissed with further ado were Rochberg (aged 64) not a prominent and influential advocate of the "return to tonality." Once a successful serialist, in the early '60s he became "engaged in an effort to rediscover the larger and more sweeping features of the past; he has taken many forms, all of them have led me back to the world of tonal music."



Sunny Joy Langton and Neil Rosenheim

formed a survey of musical manners from Pachelbel to Schoenberg. (They are recorded on RCA.) I heard them with interest. They seemed to search for answers to such questions as: "What do the varied musics of the past mean to a modern listener? What of the varied musics of the present?"

But Rothberg has now settled for easy answers. In The Confidence Man I hear little but pastiche, a reworking of ideas that better composers—Britten, Boulez, Walton, Mahler, Sigmund Romberg, Mozart, Menotti—used more responsibly.

Rochberg appears in irrelevant waltz drinking song, decked with accompaniment from Fugate. Boulez's style of high soprano writing is crudely caricatured in effusions from an Angel of Bright Future. The music is at once derivative, short-breathed, and repetitive.

I know what I like and like what I know. Santa Fe, having undertaken the opera, did it proud. William Harwood, conducting, had the chance to display his mastery of many operatic styles.

Edward Bond to be resident writer at university. Playwright Edward Bond has been appointed resident theatre writer at the University of Essex starting in October.

For a six month period, Mr Bond will work with MA drama students at the university and will write a new play which will be premiered by the Theatre Underground at Essex under the department of literature's new plays scheme.

Bitter Sweet/Northcott, Exeter

B. A. Young

Bitter Sweet is fairly closely guarded by the Noël Coward estate; there hasn't been a professional production now for ten years or more as far as I can see. 5 much the more welcome, then, is this enjoyable presentation at the Northcott, which over the last year has shown itself a house as imaginative as it is efficient.

The play is directed by Stewa Trotter, who is not only a theatre man but an opera man. In his hands there are reminders that Bitter Sweet is not a "musical" in the current sense of the word, but a true opera. The singing, both of the solo numbers and the choises, has no help from microphones; those sweet songs will know so well so radiantly into the auditorium, every note true, every syllable clear. The band has been reduced to eight, without benefit of strings, but the score as arranged by Richard Bell is perfectly adequate for this small house more as far as I can see.

Jan Hartley, who plays Sari Landen, a.k.a. Sarah Millick, a.k.a. the Marchioness of Shayne, sings beautifully, and in her younger personae acts charmingly as well, though as the ageing Marchioness in the first and last scenes she tends to walk as if she were her real age of 21 rather than her stage age of 70 or so.

Jill Martin is a fetching Manon in Herr Schlick's cafe, and sings "If love were all" convincingly at a table as if she were Ivy St Heller herself. The remaining 19 players, divided between 19 players, ready at a moment's notice to break into a sextet for women's voices, or to become lively servants or naughty boys wearing green carnations.

Rocket to the Moon/Hampstead

B. A. Young

To be on a rocket to the moon is Mr Prince's analogy for the feeling his son-in-law Dr Ben Stark, an unsuccessful New York dentist, will have if he has an affair. Certainly Ben needs something of the kind. He is completely under the thumb of his pretty but bossy wife; almost the only decision he can ever have made without consulting her was to engage the pretty but dim secretary Cleo around whom the whole action of the play revolves.

Ben is a dull man, no doubt of that, and David Burke, with some self-sacrifice, gives him a dull performance. Even when Cleo, in an attractive scene of cross-examination, makes it clear that she loves him and is anxious that he should love her, he fumbles his affections disinterestedly. She doesn't send him far on a rocket to the moon even then; he is handicapped by his crippling loyalty to his wife, and she thinks nothing of spending her evenings with Mr Prince or with Willie Wax, a wolfish impresario whom she imagines will make her into a great dancer.



David Burke and Mary Maddox

marriage to Cleo in Ben's presence. The amorous ping-pong between the four of them has nothing very novel to say; it would make a sub-plot in a Restoration comedy if only the dialogue were wrier. Clifford Odets was not a playwright who went in for wit; when he has something important to say, he writes dialogue that sounds like quoting from a newspaper leader.

Two other characters with little but decorative function are Phil Cooper, a dentist even less successful than Ben, admirably portrayed by Harold Innocent, and Frenchy, a young doctor from a neighbouring office, nicely done by Martin Cochrane, though without much to do.

South Bank Summer Music

David Murray

Back in the smaller South Bank halls until the final concert, the Summer Music proceeded on Monday with his and pieces: first a Songmakers' Almanac programme of French songs and then a curious sandwich with Brahms on the outer edges. The latter concert was to introduce the main themes of the series, which answer to the tastes of its director Simon Rattle — classical Viennese through Brahms, French from Gounod to Messiaen. In fact the scheduled Messiaen song cycle had to be replaced by Elise Reiss (III); instead, Peter Donohoe gave a notably imaginative account of the Petrouschko pieces that Stravinsky transcribed for Rubinstein, strong-fingered but uncommonly delicate too.

The particular success of the concert was, however, the opening set of parsons by Brahms, his op. 17. The female voices of the London Sinfonietta, firm and beautifully balanced, were conducted by Rattle with simple and effective accompaniment by two horns and harp. It is always a pleasure to come upon Brahms's neglected choral music, and these four songs are quite lovely — two on gentle Romantic verses, two on translations from Shakespeare and "Messian." Rattle drew out their long lines so well as to suggest shimmering visions beyond the words.

The Almanac concert in the Purcell Room earlier was the first of five devoted to the French repertoire. If the spoken component (devised as usual by the Almanac pianist Graham Johnson) shed little specific light on the music, it was reasonably successful in fixing the character of the little musical movement under review — the melodic production of Gounod, Saint-Saëns, Bizet and Reynaldo Hahn; and the songs were excellently chosen. The performances were not of the best vintage, unfortunately. Jill Ginné has the right general style for the period, but curious things happened in her French in transmission; Richard Jackson's sturdy, eager baritone is of quite the wrong genre for this salon stuff, and the leech he assumed for light romantic songs amounted to an affliction. Mr Johnson, at least, was in very good form.

The programme for the 1982 Wexford Opera Festival, which will run from October 30 to 31, will be La Folia (Dobsonio 11779), an opera in two acts with four scenes and no chorus, by Josef Heyden; Gracelita (1901), a lyric comedy with prologue in three acts with eight singing parts, a small chorus and one child by Jules Massenet; and La Legenda di Sobranata (c. 1921), a dramatic opera in three acts with 11 singing parts and chorus, by Elino Pardini, has succeeded Adrian Slack as artistic director of the Wexford Festival.

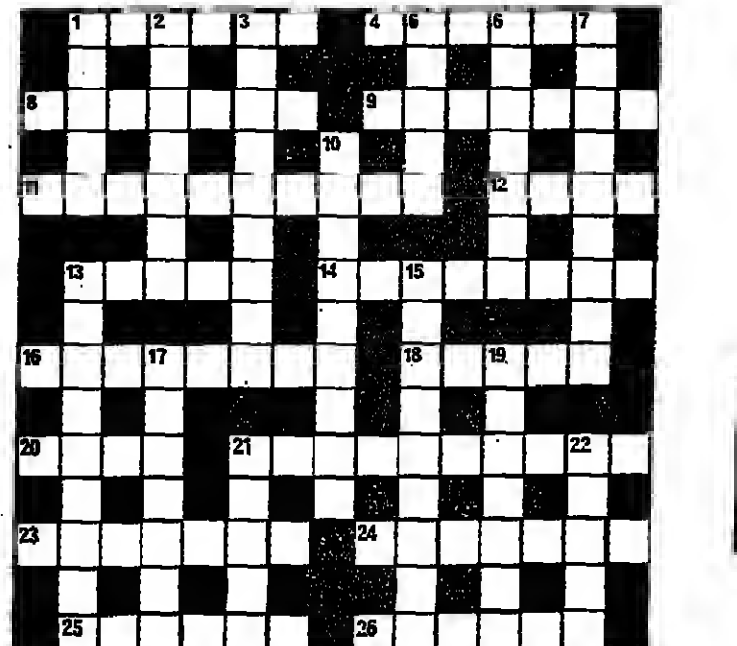
1982 Wexford Festival

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F.T. CROSSWORD PUZZLE No. 4951

ACROSS

- 1 Bend a fastener (6)
4 As much as a member can hold sounds injurious to a Cockney (6)
8 Boy in agony from knightly champion (7)
9 Attribute to a writer (7)
11 Room temperature in producing wine (10)
12 Deserve to gain interest (4)
13 Weight of article in wagon (5)
14 Conveyor, of which Pluto was an example (8)
16 Essential part of triangle perhaps (5)
18 Irishman goes to church for a scrap (5)
20 Coastal projection indicated in a light shower (4)
21 Lake in Cumbria having Father old boundary (10)
23 North European—it could be a Pole in the end... (7)
24 ... and old Greek citizen to box and beat (7)
25 Collect a pistol belonging to a female (6)
26 Small fish from one direction (8)
DOWN
1 Debris from branch on tree (5)
2 Attractive person, one claiming to have magnetic powers (7)
3 Old Roman city, a favourite of Elizabeth I (9)
6 Amber? No sir, it's broken (5)
7 Complex system of passages in the internal ear (8)
10 Specify that it must have pairs of leaves (8)
13 Reproducing with article inside covering (9)
15 Cundiment dispenser used in West Indian stew... (6, 3)
17 ... and former tincture that's obsolete (7)
19 Small monkey in leafless tree (7)
21 Beats to a pulp? Or just beat (5)



Solution to Puzzle No. 4950
ACROSS
1 BENDFASTENER
4 ASMUCHASAMEMBERCANHOLD...
8 BOYINAGONY...
9 ATTRIBUTE...
11 ROOMTEMPERATURE...
12 DESERVE...
13 WEIGHT...
14 CONVEYOR...
16 ESSENTIAL...
18 IRISHMAN...
20 COASTAL...
21 LAKE...
23 NORTH...
24 ...AND...
25 COLLECT...
26 SMALL...
DOWN
1 DEBRIS...
2 ATTRACTIVE...
3 OLD...
6 AMBER...
7 COMPLEX...
10 SPECIFY...
13 REPRODUCING...
15 CUNDIMENT...
17 ...AND...
19 SMALL...
21 BEATS...

THEATRES

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Wednesday August 18 1982

Rates yield to depression

THE EXTRAORDINARY rally in fixed-interest securities on both sides of the Atlantic in recent days has provoked quite a general celebration in Wall Street; but in London equity markets have remained sullen, while in some former growth centres they have performed disastrously.

Influences

Three influences have combined to produce what now looks like a radical long-term change in sentiment. First, there has been a general realisation of what has been an all too familiar fact in this country for more than two years: this is no ordinary recession, and forecasts of recovery carry less and less conviction.

The third and decisive factor, though, has been the surfacing in the last few days of a host of previously suppressed nightmares about debt. The troubles of Mexico, of AFG and of International Harvester can no longer be overlooked.

A false move by Japan

WITH the exception of Hong Kong, Japan is probably the only East Asian society in which freedom of speech and freedom of the Press are meaningful realities.

The changes were recommended by the Ministry of Education, one of the functions of which is to approve all books submitted for use as school textbooks. The Ministry seems to have used its powers to tone down the wordings in some books and to remove details of Japanese wartime atrocities from others.

The fact that the Prime Minister declined to say whether he was visiting the shrine as a private individual or as head of the Government marks a change from the behaviour of his predecessors and could just possibly be interpreted as a step towards the reinstatement of State Shintoism as a cult which flourished during Japan's militarist era.

Fine tuning

To suggest that Japan's leaders are trying to recreate the whole apparatus of pre-war Japanese militarism on shreds of evidence such as this would be ludicrously far fetched. What is not far fetched is to conclude that some deliberate fine tuning of the leadership's position on a number of delicate political issues may be under way.

The background to the Government's or rather the ruling Liberal Democratic Party's change of posture can be found partly in some developments in the domestic political scene and

clash that it is politically. The prospect of a large flow of new government paper does not frighten investors who are anxious to buy government paper for safety's sake.

Meanwhile the monetary aggregate themselves, the subject of so much neurotic brooding in the past, have begun to behave in an orderly way. The reasons are just as depressing as the reasons for the market change: both horrorers and tenders have learned caution.

Healthy corporations in the U.S. have begun to adopt strategies long familiar in this country, putting liquidity and balance-sheet reconstruction ahead of growth.

All this has at length convinced the markets that rates can now fall steeply; and as in previous corrections—in the UK in 1977 and in the U.S. as recently as October of last year—a correction of this kind rapidly gains its own momentum.

The selective credit crunch in the U.S. domestic market, coming on top of the growing worries about country lending, threatens a credit contraction which could confirm and intensify the recession, as the World Bank recently reminded us: the UK authorities, too, are now more concerned to encourage steady nerves than to urge lending restraint.

In these circumstances a fall in real interest rates, which remain historically high at the long end, is not only appropriate, but urgently needed. For it is the real cost of debt service which is now the big threat to many otherwise sound official and corporate horrorers. The market is adjusting to reality.

partly in the way Japan's global role has been changing. In the early 1960s, when the Liberal Democrats adopted most of their earlier, low posture, attitudes on issues such as defence and foreign policy, the party was in a minority in almost every major Japanese election and dependent on the firm vote of the maintenance of a national majority. The waning relation of Japanese school textbooks describing the behaviour of the Japanese army in China during World War II and that of the Japanese occupation authorities in Korea before and during the war.

The passing of this milestone might not sound like a very important event to observers in western countries to whom anything less than three per cent GNP is seen as a low level of economic spending in Japan; it will mean a significant upgrading of the status of the self-defence forces and the growth of a domestic arms industry that may become large enough to exercise influence on government policy. Both of these will be major changes from the past.

Japan's tendency to revert to at least some pre-war attitudes is not something which should alarm other nations unduly—even supposing that they could do much about it. The trend has been partly as a natural swing of the pendulum away from the extremes of self-offacement (in the fields of defence and foreign policy) that prevailed after the war and partly as a rather belated response to economic success.

A national bias in the teaching of history is not a Japanese monopoly—one would not have to look hard for it in Europe, let alone in those countries which are most incensed by the changes to the Japanese textbooks.

The outcry is a warning to Japan's leaders that regional sensitivities to Japan's military expansionism of 40 years ago can re-emerge on the slightest pretext.

THERE HAVE been rumours for years in the West that there is a room in the Board of Foreign Trade in Taipei where western and Japanese consumer goods are carefully dissected. Then they are copied by local manufacturers.

No one in Taiwan will confirm this, but there is a room in a building at Hsinchu, about 30 miles southeast of Taipei where all kinds of western machine tools are openly and shamelessly stripped, studied and occasionally copied.

Mr Danny Hsu, the perky general manager of the machine tool shop in the Industrial Technology Research Institute, is delighted to point first to a CNC machining centre made by Cincinnati Milacron of the U.S. and then, facing it, a near perfect local imitation, called an MTC-MC15H.

"Yes, it's a copy," he admits breezily. "You have to copy to learn, and that is what we are doing here. But that is all we are doing. Nothing we make here goes out for sale."

"The Chinese philosophy is to be honest. We don't want to be thought of as copying people," says Li Kuang Fu Ku, vice-president of the institute.

The centre was set up in 1977 with the goal of learning how to make precision machine tools and, in particular, machining centres and gear cutting machines.

A record \$3.4bn trade surplus with the U.S.

variety of machines with well-known Western names on them, such as DeWalt, Hurler, Liebert, Durr, Brown and Sharpe, Cross and Brown and Shipley.

"We don't work on Japanese machines," says Mr Hsu. "We find they are inferior to European and American machines. If we learned from second-best machines, we would end up making third-best machines ourselves."

Whether or not Mr Hsu is right, Taiwan's leaders, from Premier Sun Yun-suan downwards, have been emphasising lately their determination to buy more and more sophisticated machinery and specialised technology from Europe.

Last year, Taiwan had a record \$3.4bn trade surplus with the U.S., its most important trading partner accounting for 30 per cent of its total trade.

Perhaps more important, there are signs that Taiwan's spectacular surge of economic growth, which has transformed the country from poverty to a significant industrial power in

French connection Dr Keith Humphreys, aged 48, believes that "businessmen should be politicians. That is a view-point which should help him rationalise novel situations arising in his new job as managing director of May and Baker, the chemicals and pharmaceutical group.

May and Baker, with headquarters in Dagenham, has a worldwide staff of 7,500 including 4,000 in Britain. The company also has the distinction of being wholly-owned by the recently-nationalised French chemists giant Rhone-Poulenc, a company 10 times bigger.

Rhone-Poulenc lost FF7,335m last year and is the centre of a political row following the resignation of its chairman, Jean Gandois, after expressing his disgust at nationalisation.

The May and Baker business, in contrast, turns in healthy profits (£15m pre-tax last year), besides funding an investment programme in new plant and materials running at more than £10m a year without recourse to its parent.

Gandois accused the Socialist French Government of "turning state industry into a snrt of public service which the state has to subsidise to allow to live."

But so far May and Baker in Britain has kept clear of the whirlpools generated by the wholesale nationalisation of French industry. Humphreys says: "I see us as a British company with a single shareholder which just happens to be a French state-owned company."



Premier Sun Yun-suan

and wood products—are gradually being undermined by competition from lower wage countries and quota restrictions in the developed countries. Also, wage increases have outstripped productivity increases for the past two years.

Mr Siew said he expected that Taiwan's trade with most European countries would move into deficit within the next two years because of the decline of consumer goods exports.

The country's leaders have been aware of this developing problem and have been attempting since the early 1970s to nurture higher value industries, particularly mechanical engineering, to sustain growth.

Initially, the results were impressive. Taiwan has become a leading world supplier of hydraulic jacks, hand tools and a variety of home hardware. It has also, to the increasing embarrassment of the Government, become a leading supplier of counterfeit car parts and toiletries around the world.

On more sophisticated products, the country has had more difficulty breaking into the international leagues. Take the car industry, for example. Six manufacturing plants have been established but five of them are

which could contemplate exporting and around which a components industry could flourish. But the existing suppliers oppose such a venture, arguing that it is too late for Taiwan to try to compete in the world car industry.

Now if only Li could find a way of stopping falls of rain as efficiently as those of shares, Hong Kong really would be a jollier place these days.

Film start Few of us forget the hot palms and trembling knees at our first job interviews. Face-to-face across the desk with the prospective boss we were mumbbling blobs of jelly.

Now technology has come to the rescue with the video interview. It is called the Pippo Videoscreen. Potential employers advertise. Hopeful recruits to their enterprises are put on tape in a cool and calm condition at Pippo's Houslow studio. Completed cassettes are sent for the employer to study at his leisure.

"It can't be the same as the eyeball to eyeball confrontation," I suggested. Pippo replies. "Take the case of a building construction company recruiting for, say, a contract in Saudi Arabia. Think of the savings in time, travelling expenses, and hotel costs."

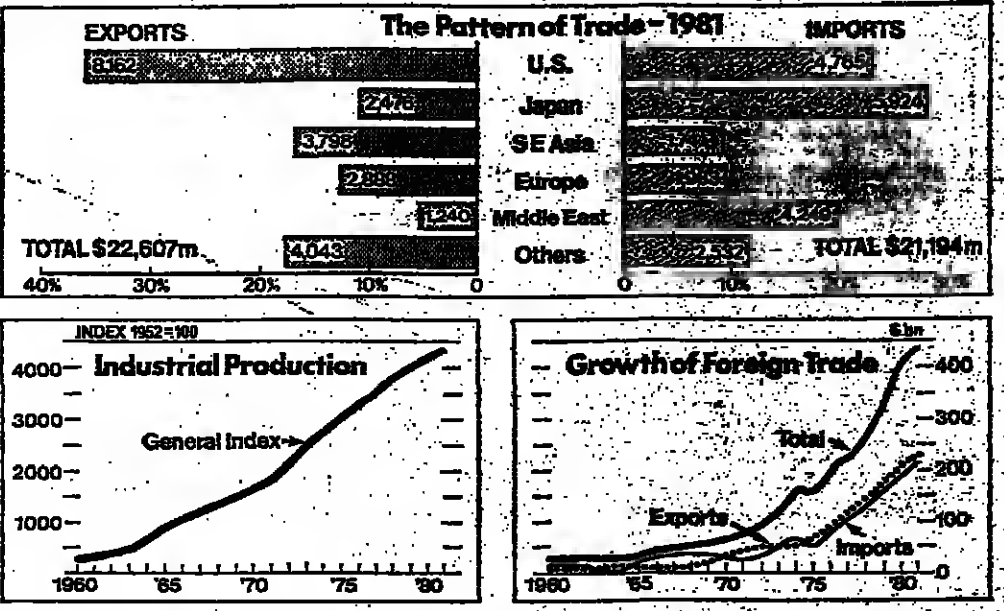
Pippo adds soothingly. "It is all very civilised. There are no glaring studio lights, no clapperboards. It is almost a push-button operation, costing as little of £30 for each person." The stone-faced boss and the sweaty palms might be less of an ordeal to some of us.

TAIWAN'S INDUSTRY

The outcast woos the West

By Ian Rodger

TAIWAN-INDUSTRIAL & TRADE INDICATORS



There is a lively debate on whether the country should continue to attempt to develop capital intensive, heavy industries, or give them up to importers and concentrate solely on high technology industries



pean countries would move into deficit within the next two years because of the decline of consumer goods exports. The country's leaders have been aware of this developing problem and have been attempting since the early 1970s to nurture higher value industries, particularly mechanical engineering, to sustain growth.

which could contemplate exporting and around which a components industry could flourish. But the existing suppliers oppose such a venture, arguing that it is too late for Taiwan to try to compete in the world car industry.

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Men & Matters

French connection

Dr Keith Humphreys, aged 48, believes that "businessmen should be politicians. That is a view-point which should help him rationalise novel situations arising in his new job as managing director of May and Baker, the chemicals and pharmaceutical group.

Natural swing

The passing of this milestone might not sound like a very important event to observers in western countries to whom anything less than three per cent GNP is seen as a low level of economic spending in Japan; it will mean a significant upgrading of the status of the self-defence forces and the growth of a domestic arms industry that may become large enough to exercise influence on government policy.

Fine tuning

To suggest that Japan's leaders are trying to recreate the whole apparatus of pre-war Japanese militarism on shreds of evidence such as this would be ludicrously far fetched. What is not far fetched is to conclude that some deliberate fine tuning of the leadership's position on a number of delicate political issues may be under way.

Film start

Few of us forget the hot palms and trembling knees at our first job interviews. Face-to-face across the desk with the prospective boss we were mumbbling blobs of jelly.

Rainy days

The heavy rains which have battered Hong Kong over the past three days appear to have contributed their own piece of grief to the colony's tumbling stock markets.

Second try

Charles Ranald left the City eleven years ago with about £500,000 after selling out from Castle Britannia, a unit trust group which he had built up.

New York style

New Yorkers seem to have a limitless capacity for the eccentric grand gesture. A visitor the other day was surprised when her host arrived to take her for lunch in a taxi—she thought they were eating in the restaurant opposite her hotel.

Observer

money, and they cause pollution.

Dr Wang has promoted the establishment of a science park at Tsingma. Inevitably, he calls it Silicon Hsinchu—where entrepreneurs in electronics, precision instruments and sophisticated materials are invited to set up in business on highly favourable terms.

After 20 months of operating, 22 companies are in production at the park, most of them run by Chinese emigrants from the U.S. The Japanese are being invited.

Dr Wang said about half the companies were already profitable, but it was too early to draw any conclusions.

"Our effort is an heroic one," he said. "High technology industries offer high rewards but they also involve high risks."

Perhaps for this reason the Government is adopting a more cautious approach, still trying to find some opportunities in capital intensive industries while moving gradually to high technology.

"I don't think we can compete with Japan. The U.S. strategy in the strategic industries for at least 10 years," Mr Siew said. "We won't be able to produce our own big microcomputers, but we can do software. The Chinese are good at mathematics. Our policy is to be complementary to the advanced countries."

Taiwan officials point to their purchase of four Airbus two years ago for \$200m as proof of their eagerness to develop trade with Europe. It was the first time the country had bought aeroplanes outside the U.S.

Since then, German companies have been particularly vigorous in pursuing trade with Taiwan. The value of imports from Germany was up 34 per cent to the first half of this year to \$450m, and the Dusseldorf trade-fair company, Nowen, organised a major machinery show in Taipei in May.

Britain's Northern Engineering Industries won an £80m contract in May to supply equipment for a nuclear power station in Taiwan, but the station was subsequently postponed because of declining demand for electricity.

A British consortium is also carrying out a feasibility study for an underground railway in Taipei—expected to be worth \$5bn.

According to the Asia Trade Organisation, a quasi-official trade promotion agency in Taipei, Taiwan's current shopping list in Europe includes energy saving devices, oil substitutes, metal alloy technology, information science and automation equipment and genetic engineering.

"You see, we are interested not only in selling, we are more interested in buying," Mr Siew said.

Williams & Glyn's

Interest Rate Changes Williams & Glyn's Bank announces that with effect from 18th August 1982 its Base Rate for advances is reduced from 11 1/2% to 11% per annum.

Interest on deposits at 7 days' notice is reduced from 8 1/2% to 8% per annum.

Williams & Glyn's Bank plc

TOXTETH RIOTS: ONE YEAR ON

Heseltine's private sector gamble

By Ian Hamilton Fazey

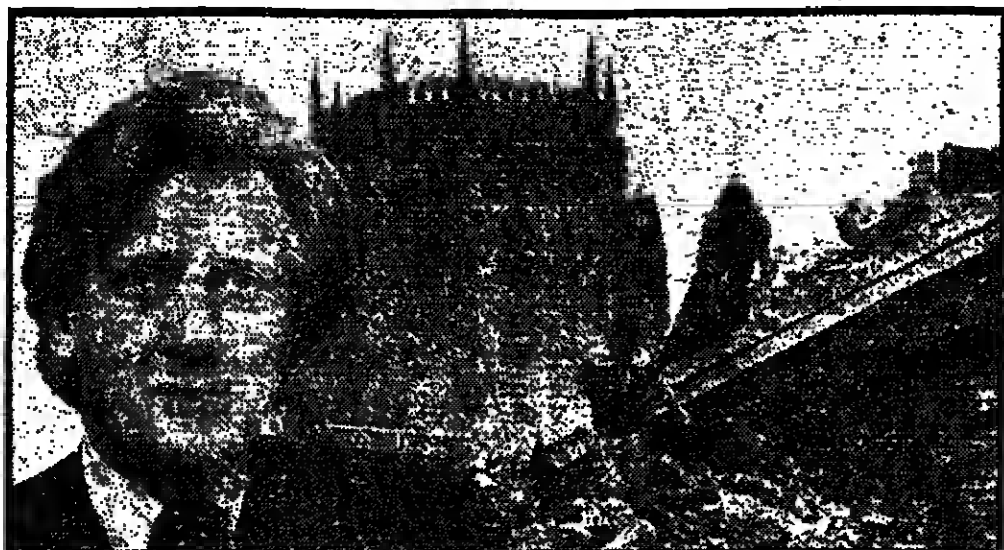
MR MICHAEL HESELTINE, the Environment Secretary, confesses that a year ago he literally bit his nails for three days. He had just spent a fortnight on a tour of Merseyside, in the wake of the Toxteth riots, trying to work out how the Government should react. He decided that the time had come to gamble.

He says: "Believing, and as a Tory I must, that it's the chaps at the top who carry the responsibility, I asked my lads to ring up 30 or so of the most significant bosses of the financial institutions and invite them on a bus trip. It was an anxious time waiting for the first replies to come in. Then, we began to get one or two impressive acceptances and we knew we'd made it."

Thus did the now-famous "money bus" tour of Merseyside get under way—a charabanc packed with the trustees of Britain's savings—the chairmen and chief executives of banks, building societies, insurance companies and pension funds.

A year later, Mr Heseltine is waiting for his bigger gamble to pay off. This involves the money bus tourists, all of them accountable in some way to shareholders, investors or savers to embrace his vision of late 20th-century noblesse oblige by putting up private sector money for Britain's inner cities.

In its enlightened self-interest Mr Heseltine believes that he is going to win. He thinks that the private sector will come to realise that it is in its enlightened self-interest to invest in solving the urban problem, making profits while doing so. He seems undismayed at an apparent slow take-up of opportunities, saying that it will take time for people to get used to the changes he has made in funding arrangements.



Michael Heseltine, amid reconstruction work in Toxteth

most significant things in the development of policy," he says. Is this real confidence, or mere optimism? Mr Heseltine's critics say that, despite his efforts, worthwhile results have yet to appear. Some critics in the Labour-controlled Merseyside County Council are privately very cynical about nearly everything he has done, claiming that he is a publicity seeker, taking credit for others' initiatives and using them to make it look as though he is achieving more than he is.

Mr Heseltine has been trying vigorously to promote a "community of purpose" on Merseyside and elsewhere. Significantly, his best response so far has come from Birmingham, where his own party took control this year. Labour politicians in other cities are less happy about giving Mr Heseltine political credit by backing him at a time when they are very angry about cuts in rate support grants.

What has happened on Merseyside so far? Housing estates are being refurbished, creating pockets of work for unemployed people. Enterprise workshops, with private sector finance, are being built. Four information technology training centres, two of them funded by industry, were the first in Britain, and two of their most able students have been offered jobs in mid-course. The private sector has put up £1m for sporting facilities, for-

ing Mr Heseltine to fulfil a promise to match that sum. Local industry has lent 18 managers to form a task force. Its projects range from import substitution schemes to marketing empty factories and improving the tourist potential of a boat museum. One of the "secondces" is sorting out the numerous damage claims from the Toxteth riots, and another has set up a training centre that turns out to be sorely needed—one for the service industries.

Environmentally, the way has been clear for rapid development of two key sites, the derelict land around the Anglican Cathedral and the Albert Dock, a complex of historic warehouses similar to St Katherine's, London, and capable of a similar transformation.

One of Mr Heseltine's first acts in office was the creation of urban development corporations for London and Liverpool. Their job is to regenerate disused dockland, in Merseyside's case the several miles of it that were formerly decaying between Toxteth and the Mersey. Headed by Mr Leslie Young, chairman of J. Bibby, the Merseyside Development Corporation (MDC) has been using its freedom from planning constraints—it is its own planning authority—to clear sites, demolish old docks to take water again, build advance factories and buy the Albert Dock. Most noticeably of all, it is preparing

for the 1984 International Garden Festival, the first of its type in Britain, which, it is hoped, will bring about 3m visitors to Merseyside.

The MDC, conceived in 1979, formed in 1980 and vested with its powers in 1981, is now making visible progress. Mr Heseltine says that this is working proof of his insistence that, however hard he tries, "there is a time scale you can't buck. What we are doing will have a cumulative effect: the first year, not much; the second year, a bit more; the third year, quite a bit; and, by the time you've done 10 years of it, dramatic."

What Mr Heseltine has done on Merseyside is to pull together many strands and use his clout as a Cabinet Minister to drag his "community of purpose" out of people, companies, institutions, and warring political factions. His approach has won the support and respect of most levels of the community. But lurking in the positive assertions is a word he uses often—"hopefully." Thus, £70m of Government money for the nationwide Urban Development Action Grant (UDAG) scheme from April next year will "hopefully" attract another £200m of private sector investment. This will flow from the work of FIG, the Financial Institutions Group, formed by civil servants and secondces from the money bus companies. The theory is that marginal projects that might have been thought insufficiently

worthwhile for private investment to fund alone can now be lifted past the threshold for go-ahead by Government grant.

Take-up will probably be slow for one very straightforward reason: UDAG was launched only this summer, and the closing date for the first year is the end of next month, an impossibly short lead time for most of the reclamation, restoration, conversion, and regenerative projects for which it is designed.

Nationally, Mr Heseltine says that new attitudes are already emerging from companies represented on the money bus tour. For example, all of the major banks have now appointed inner city development managers to look for investment opportunities. Building societies are opening inner city branches, leading more readily to those with low incomes and providing money for experimental housing schemes. Building companies are working with local authorities to use inner city land for low-cost housing.

The twin planks of Mr Heseltine's urban strategy appear to be "community of purpose" and, ultimately, private sector finance for growth of industry and commerce from the roots upwards. Are his objectives realistic? The community of purpose of an ever-political Merseyside may well survive long the expiry of his 12 months as the region's special Minister, and what can be expected from Labour councils at loggerheads with him over public expenditure cuts?

A responsibility to communities

As for private sector finance, profitability will surely be the ultimate test.

Mr Heseltine sees the role of the large company in an advanced capitalist economy as crucial. "It's not just the question of making profits, although that is the first and vastly most important obligation. The best companies must accept a responsibility to communities in which they trade. You can call it paternalism, but I just know that with power goes responsibility."

The acid test of the credibility of Mr Heseltine's inner city policy will be how many companies come to agree with that and act accordingly.

The British Economy

There is an alternative to monetarist strategy

By David Basnett

THE ECONOMIC recession, the new determination of employers to cut back on union power, the effects of the Government's monetarist policy and exhortations to employers to crack down on unions, are all having a detrimental effect on unions as institutions as well as on trade union members.

Redundancies in the private sector and cutbacks in the public sector are throwing thousands of our members on the dole. We are being obliged to settle for cuts in real wages for our members, many of whom can hardly afford them. The loss of jobs is creating major inroads into trade union membership in our longest established and best organised areas.

In many ways the resilience of the trade union movement to this attack is most impressive. It is a purely defensive resistance as far as the majority of members and the general public are concerned. We have not got across, now or at any time in the past two decades, the positive aspects of trade unionism and of trade union-based collective bargaining.

Nor have we got across the real message that there is a genuine and credible alternative to the monetarist strategy now being adopted by this Government.

This is not to say that the trade union movement have not put forward alternatives. Both the TUC and the Labour Party, as well as individual unions, have argued strongly for a policy which makes sense in macro economic terms, and which could put the economy back into a "benign circle" of growth, investment and employment. It would be a long haul. Probably longer than five years of an parliament. But there is an alternative, and the alternative does add up.

directed to better and more productive use.

It is to the second question that I wish to direct my attention. It has been the question at the heart of economic policy-making and economic controversy over the last two decades—but I would argue it is not a question with any real relevance.

In terms of economic efficiency, in terms of control of inflation, and in terms of the overall wage bill, incomes policies have been a failure. The obsession with incomes policies has diverted attention away from the more serious issues of how we plan, allocate, price and locate the productive resources of capital and labour in order to maximise long-term growth, prosperity, and a more equitable division of income and wealth.

Yet those who oppose incomes policies as a matter of

Rigid norms and limits make long-term control of inflation harder

course can hardly claim that so-called "free" collective bargaining has delivered the goods either. In those rare periods in the past 20 years when we have been free of either voluntary or statutory incomes policies, the operation of the free market, and the concept of trade unions being able to bargain on the basis of their labour market strength, has not brought about any great benefits either. Inflation has not abated, industrial efficiency has not been enhanced, the quality of the labour force has not been improved, and the position has, if anything, got worse, during those periods of free collective bargaining by the trade union movement as a whole.

I am opposed to rigid norms and limits, whether statutory or voluntary. In my view they are counterproductive. They do not, except for very short periods, contain inflation, and make long-term control of inflation more difficult. In addition, incomes policies have seriously inhibited positive developments

in the structure and scope of collective bargaining.

I would advocate a more piecemeal but positive approach to both the development of collective bargaining and the control of inflation. Such piecemeal approaches may not appeal to the purists on either side of the "incomes policy versus free collective bargaining" debate. But they merit serious consideration within the movement and beyond.

I propose five major new components of such an approach to form the basis of a TUC/Labour Government understanding on this area:

- An annual economic assessment, monitored constantly by the TUC and the Government through the year;
- A TUC organised review of the structure of collective bargaining and setting priority objectives for the trade union movement as a whole;
- A new and powerful "Prices and Monopolies Commission" to control the key prices within the economy, with consequential effects on wage bargaining;
- A new Minimum Terms and Conditions Act which would set down minimum benefits to the low paid, including a statutory minimum earnings level;
- A new system of "comparability" which would establish within broad terms wage levels for public service workers in the non-trading public sector.

I have spent out these ideas in my recent pamphlet* but much further thinking needs to be done. If the proposals were adopted, they would give the trade union movement substantial additional influence over a wider range of terms and conditions of economic and social policy, and additional responsibility within decision-making at national and corporate levels. That is the positive way forward for the trade union movement. And that, rather than the sterile argument over "incomes policies and free collective bargaining," is the way forward we should take.

* The Future of Collective Bargaining by David Basnett, available from the Fabian Society, price £1.50. David Basnett is general secretary of the General and Municipal Workers' Union.

Letters to the Editor

British Shipbuilders: efficient but orders needed

From Mr F. Field, MP. Sir,—Andrew Fisher (August 13) is right to praise the work of Robert Atkinson and his team at British Shipbuilders and in doing so to report the latter's view that "BS is now among the most efficient shipbuilding organisations in Europe." The key to this increased efficiency has been a remarkable rise in productivity over the past two years.

Because I represent a shipbuilding constituency, I am aware of this change in the industry's performance. Robert Atkinson has led a team which has successfully harnessed the goodwill of the unions. Here, I guess, Ken Griffin—the deputy chairman—has played a key role. This team-work has been felt at Cammel Laird where, for example, we have just built a

type 42 frigate in four rather than the five years laid down in the contract. More and more of the men in the yard now accept that only by increasing efficiency do they have a chance of retaining a job. But, as you report, no increase in productivity can enable us to match bids from a country which does not cover its raw material costs. The South Korean Government is massively subsidising its shipbuilding industry so as to win an increasing share of the world's market. One of the reasons established it is improbable that the heavy subsidy programme will continue.

It is at this point that the UK shipbuilding industry faces its greatest difficulty. It is classified as one of the old basic industries which conventional wisdom commits to an early grave. Yet behind the industry's old facade I am witnessing in Cammel Laird the rise of a new industry which develops the skills of the yard well beyond that of shipbuilding. Does the Government realise it is the basis of a success at BS? If it does, it needs to act quickly. There is the promise of six frigate orders and one hopes that there will be other orders from the public sector. If these orders do not materialise very soon, large numbers of men will be made redundant before the summer is out. If this happens we will not only lose a further part of our industrial base, but all those of us who have argued the case for increased efficiency—including the Prime Minister herself—will be discredited. Frank Field, House of Commons, SW1.

Trade associations in travel

From the Chairman, Dooley Travel Group. Sir,—I would like to congratulate your aerospace correspondent Michael Donne (August 9) on being the only national newspaper reporter who really seems to understand the highly complex world of out-price travel. Unfortunately, not everyone in the travel industry seems to share Mr Donne's knowledge and there is one important misconception that should be cleared up. In the article, Mr Ian Ritchie of the Fare Deal Monitoring Group is quoted as saying: "...in the best interests of the air travel consumer, the bona fide licensed travel agent, and the airline industry." And in your comment column of August 12 there is a reference to "established officially licensed travel agents."

prevent his getting a ticket at a bargain price." Government spokesmen have been even more blunt about people who try to pass off IATA and ABTA as "officially sanctioned" organisations. In the House of Lords Lord Trefgarne, the (then) Government travel spokesman, brushed aside a question about IATA with: "My Lords, IATA is a trade organisation of the airlines concerned. My noble friend ought therefore to put his question to the airlines." IATA represents less than two-thirds of the world's airlines. Many large airlines choose not to belong to it. Members in Britain certainly have no "official" seal of approval. Despite the impression given by many people in IATA circles, the people who control, supervise, and authorise air fares in Britain are the Civil Aviation Authority—not those working for, or part of, any trade association. The only people officially licensed by the CAA are air travel tour operators, who require an-ATOL (Air Travel Organisers' Licence) permit. The vast majority of IATA and ABTA agents do not have this official permit. Max Dooley, 221 Westbourne Park Road, W11.

ness men than he has received to date. By holding steadfastly to the Department's latest offer, he is ensuring that wages in the health service, whose staff have been expanded since 1978, remain at, or only slightly above, the level of increases currently being negotiated in most private sector businesses employing 50-5,000 staff, whose numbers have been severely pruned over the same period. Figures from the 700 companies of this type who submit data to us, support Confederation of British Industry findings that current private sector increments average 6.8 per cent and are, if anything, reducing. Of course, some financial, retail and other groups have settled for more but then some medical staff choose to operate in the higher paid but lower security world outside the NHS.

In addition to supporting a stand that will help to avoid pressure for suicidal private sector settlements, the increasing hand of companies offering private health insurance plans will also have noticed the very large premium increases recently requested by provident associations. The fact that, in negotiation, many settlements have been at dramatically lower levels does not reflect not only competition between suppliers but the associations' revision of their internal forecasts of likely private medical cost inflation following Mr Fowler's stand. Peter M. Brown, Reward Regional Surveys, 1, Mill Street, Stone, Staffs.

Health service

From the Chairman, Reward Regional Surveys. Sir,—Norman Fowler deserves more publicly vocal support from individual busi-

THE HONGKONG BANK GROUP

announces that on and after 18th August, 1982 the following annual rates will apply. Base Rate 11% (Previously 11½%) Deposit Rate (basic) 8% (Previously 8½%) The Hongkong and Shanghai Banking Corporation The British Bank of the Middle East Mercantile Bank Limited Antony Gibbs & Sons, Ltd.

Co-op Bank announces a change in base rate From 11.50% to 11.00% p.a. On and after Wednesday, 18th August 1982

Deposit Rates will become: 7 day deposits 8.00% p.a. 1 month deposits 8.25% p.a.

Short-term deposits range from 9.00% to 10.60% p.a. depending on amount & term (minimum £500 & 6 months)

First Co-operative Finance Limited Cheque & Save current notional interest rate is 7.00%

Yorkshire Bank Base Rate With effect from 18th August 1982 Base Rate will be changed from 11½% to 11% p.a.

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UK COMPANY NEWS

Companies and Markets

Restmor increases profits to £1.31m

BABY CARRIAGE and nursery furniture maker Restmor Group has produced increased pre-tax profits of £1.31m compared with £1.2m for the year to April 30 1982.

The final dividend has been lifted from 4.5p to 5p which raises the total from 5p to 5.5p. Earnings per share of 25p are rising from 23.49p to 25.7p.

The group's main customer is Mothercare. At the half-year stage profits dipped from £506,000 to £539,000.

Yearlings down The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, down three eighths of a percentage point from last week and compares with 14 1/2 per cent a year ago.

Unilever down £3.4m at six months

SECOND-QUARTER 1982 taxable profits of Unilever have fallen from £310.2m to £208.3m, leaving half-year figures to June 30 down £3.4m at £277.5m.

Attributable profits for the second quarter showed a significant fall from £136.6m to £105m, mainly because of the comparative results included exceptionally high stock relief in respect of UK tax of which £22.3m related to previous years and £4m to the first quarter of 1981.

Of the attributable figure, £51.3m (£71.9m) related to Unilever PLC and £53.7m (£74.7m) to Unilever NV. Combined earnings per 25p share dropped from 36.7p to 28.7p.

In Europe, second-quarter results in total were down. Frozen products had a good third month, principally because of an improved performance in ice cream while results of detergents and personal products were

about the same as in 1981. Edible fats and other food and drinks, however, were lower than last year — mainly due to restructuring costs — and results of paper, plastics and packaging were still depressed.

In North America, total results were slightly lower than in the second quarter of 1981. UACI's figures were good — helped by a strong performance in Francophone Africa — and were not affected by import restrictions in Nigeria.

In the other countries outside Europe and North America, there was little growth and the results of the group's operations were slightly below those of the second quarter of 1981.

Second-quarter group operating profits fell from £212.4m to £208m and the six months' result was down at £398.8m (£381.2m). First-half share of associate profits was £27m

HIGHLIGHTS

After looking at the markets Lex concentrates on the major company news of the day. Unilever's half-time profits are down 1 per cent to £277.5m, taking in a slightly larger rate of

(£28.8m), income from trade investments added £1.6m (£1.7m), while interest took £19.7m (£29.9m). Tax charge decreased from £176.3m to £173.6m. Tax adjustments on previous years produced credits of £3.7m (£3.2m), minorities and preference dividends accounted for £15.4m (£13.8m), leaving attributable profits for the half-year of

Phicom back in profit midway with £0.5m

FOR THE six months ended June 30 1982, Phicom, light engineering, data and video camera, has come back into the black at the pre-tax level with £221,000, compared with a previous loss of £218,000. Turnover expanded from £12.72m to £15.8m.

For the whole of 1981 the group incurred losses of £1.53m (£1.33m profit), but the directors noted that recovery seen in the last three months of the year had continued in the first quarter of 1982.

Earnings for the first half are shown as 0.7p (1.5p loss) on a net basis, and 0.9p fully diluted, and the interim dividend is boosted to 0.25p (0.15p) net — last year's total was 0.3p.

The closure of Bryans SA, disposal of Skimmers (Electro Platers) and various final adjustments in respect of the sale of Bryans Southern Instruments, have resulted in extraordinary costs of approximately £210,000 which will be charged in the accounts for the year, directors point out.

The instruments division, following the sale of Bryans, has returned to profit. Shandon Southern Products, which exports substantially to the U.S. and Europe, has been affected by the recession in these areas, but the introduction of several new products during the last six months will benefit the results in the future, directors state.

Magnetic Components continues to produce good results and the order book remains high. Following the loss of its major agencies a decision has been taken to close the French subsidiary of Bryans which was not included in the sale to Gould.

arrangements. Directors add that new instruments due to be introduced towards the end of the year will enhance the division's worldwide competitiveness in the data test equipment market.

The continuing loss on the electronic enclosure side is concentrated in Imhof-Becco Special Products and in I-B Gerard in France. It was anticipated in the last annual report that there would be a loss in the former during the first half. In the event, it was worse than expected, largely due to higher than anticipated costs on new contracts accepted at tight margins.

The associated company Rank Phicom Video Group reduced its loss largely as a result of progress in its reorganisation and increased activity in prerecorded cassette duplication, the directors point out, where substantial additional capacity came on stream at the beginning of the year; this is a new market of which a large share has been obtained.

The broadcast facilities business is still suffering from pressure on margins, coupled with the very high fixed cost structure which besets the industry. The amount of work available from Channel 4 and other new programming activities is not yet up to expectations although activity has been higher since the end of the half-year.

The non-broadcast business traded profitably throughout the period, directors state. On a CCA basis pre-tax profit is reduced to £97,000.

Phicom's return to profits was not unexpected, but the shares gained 4p with the news of an increased dividend and hit the year's high of 25p. The good improvement in data communications is thanks to increased business rather than cost-cutting, but the company is not sure whether it can maintain the present momentum because of growing competition in the field.

Taylor Woodrow up 15.3% halfway

ON A marginal increase in turnover, from £280m to £287m, taxable profits of Taylor Woodrow, the international engineering, construction and development group, expanded by 15.3 per cent to £9.6m for the first six months of 1982, compared with a previous £8.36m.

At the annual meeting in June, the directors said that for the first five months of the year profits were running at a slightly higher level than those of the comparable period in 1981. They added that business was in good order and they looked to the future with confidence.

Total pre-tax profits for 1981 were little changed at £24.88m (£24.84m). From first half earnings of 16.7p per share, against 14.1p, the interim dividend, to reduce disparity with the final, has been stepped up to 5.5p (5.15p) net. The directors say that although this represents about one-third of the total paid for 1981 (16.307p) they stress that it must not be assumed that it will lead to an increase in the total for the current year.

Six months' trading and investment income was just ahead at £13.52m, compared with £13.76m, but depreciation charge was lower at £5.36m (£5.38m), and share of profits, less losses, of the associate companies advanced from £274,000 to £1.15m.

After tax of £4.29m (£3.77m) and minority interests of £410,000 against £454,000, the available balance came through ahead from £4.14m to £4.94m. The interim distribution will absorb £2.94m, leaving £2.00m. Results of overseas companies were converted to sterling at the rates of exchange ruling at June 30 to each year, directors state. They also point out that on figures have been produced on a current cost basis because they feel that the effects of seasonal variations in the level of capital employed and the methods adopted for accounting for profits on work-in-progress, would combine to make such figures misleading in comparison with figures for the full year.

Consortium bid for Nu-Swift

BY RAY MAUGHAN

A two-man team of former Rentokil executives is heading a consortium bidding to acquire the assets of Nu-Swift Industries, the leader in the UK fire extinguisher equipment market. The bid, worth £7.4m, is being led by Mr Brian McGillivray, a soft-spoken Scot with a management consultancy background before stints at the National Freight Corporation and latterly as chief executive of the dry rot and rodent control group.

With the backing of about a dozen investment trusts, a new company, Mosspray, will offer shares on a one-for-one basis, underwritten at 37p per share in cash. Mr McGillivray already owns just under 10 per cent of Nu-Swift Associates, including the merchant bank, J. Henry Schroder Wagg, bringing Mosspray's starting stake up to 14.75 per cent. Nu-Swift was still determining its response last night, although it may be in a better position to weigh up these proposals when Mosspray despatches its formal offer documents at the end of this week.

The investing institutions have been warned that, unless Mosspray wins at least 90 per cent control and can invoke Section 209 of the 1948 Companies Act to assume full ownership, the Nu-Swift group may be restored for some considerable time. The shares have been a volatile market since Mr McGillivray's stake was first announced and closed 4s ahead at 30s. More bids and deals — Page 16

CHARTER TST.

On August 12, 1982, the final conversion date at Charter Trust and Agency for the 41 per cent conversion loan stock 1990-93, £31,875 of loan stock was lodged for conversion into 51,000 ordinary stock units. The remaining £20,690 will be repaid at par plus accrued interest (amounting to £3,082.19 per cent gross for the period January 7 to September 13).

BOARD MEETINGS

Table listing board meetings for various companies including Victor Products, Future Dates, and others.

N. AMERICAN TST.

Short term borrowings of Northern American Trust have been invested initially in the U.S. treasury bond market.

Sunlight pursues Johnson

Sunlight Service Group has decided to continue its pursuit of Johnson Group Cleaners, one of the largest retail dry cleaners in Britain, and will therefore sit through the investigation announced last week by the Monopolies and Mergers Commission.

DIVIDENDS ANNOUNCED

Table listing dividends announced for various companies including First Scottish Am Trust, Fledgling Ints, Fleming Japanese, etc.

M. J. H. Nightingale & Co. Limited

Table showing company performance metrics for M. J. H. Nightingale & Co. Limited, including High Low, Company, Price Change, Gross Yield, and P/E.

THE TRING HALL

USM INDEX 127.8 (+0.6) Close of business 17/8/82 Tel: 01-638 1591 BASE DATE 10/11/80 100

LADBROKE INDEX

354-559 (+10)

This announcement appears as a matter of record only.

The Hambros Bank Group advertisement featuring the bank's logo and details of the Hambro International Venture Fund and Offshore, including initial equity capital of US\$36,000,000 and contact information for New York, Boston, and London offices.

Unilever results

The Directors of Unilever announce the results for the second quarter of 1982 and for the first half-year.

Table showing Unilever Combined Results on an Historical Cost Basis (\$ millions) for the second quarter and half-year 1982 and 1981.

Table showing Unilever Combined Results on a Current Cost Basis for the second quarter and half-year 1982 and 1981.

Note: The gearing adjustment has been taken into account in arriving at the profit before taxation.

Exchange Rates. The results for the quarter and the half-year and the comparative figures for 1981 have been translated at comparable rates of exchange. These are based on £1=Fr. 4.72=U.S.\$ 1.91, which were the closing rates of 1981. An exception has been made for the results that have arisen in hyper-inflationary economies, which for the current quarter and current half-year have been translated at forecast closing rates for 1982.

Vertical text on the left margin containing various small notices and fragments of text.

Handwritten text in a box at the top right, possibly a price or note.

um bit swift

GFSA maintains dividend on reduced earnings

By George Milling-Stanley

PROFITS OF Gold Fields of South Africa in the year to June 30 have fallen by about one-fifth a creditable performance in view of the steep fall in the gold price from the 1980-81 level.

Attributable profits came out at £131.8m (£66m), down from the record £166.6m for the previous year.

This gave rise to earnings of 607 cents a share, against 1,021 cents last year, and the dividend total is maintained at 500 cents with an unchanged final of 320 cents.

This is in line with the forecast last September from Mr Robin Plumbidge, GFSA's chairman to the effect that the dividend would be maintained this year unless there was a further big deterioration in the gold price.

This forecast was made at a time when the gold price was around \$200 per ounce level, and repeated in February this year with gold at around \$360. Yesterday's price was about \$338.

The reduced earnings mean, of course, that the dividend cover falls, from last year's twice covered to 1.6 times this year.

Profits at the net level were not helped by the higher tax charge, a consequence of the recent South Africa budget changes, but the effects of this were more than offset by higher interest income on the funds.

GFSA has invested, and an increase in the fees the group receives in return for technical assistance to the individual mines under its control.

boosted by the big rise in capital spending within the group, which almost doubled to £14.7m.

Mr Plumbidge forecast last year that exploration spending would rise to some 10 per cent of pre-tax profit, and in fact it is well in excess of that amount.

Table with columns for Year ended June 30 and data for 1981 and 1982. Rows include Investment income, Surplus on realisation, Fees, interest, etc., Making, Admin, interest, etc., Oiling and prospect, Written off, Profit before tax, and Unappropriated profit.

The maintained dividend will be welcome news for London's Consolidated Gold Fields, which raised its holding in GFSA to 48 per cent almost exactly a year ago.

GFSA shows its net asset value per share at 200 cents (£400), down from 10.835 cents last time. This compares with yesterday's closing share price in London of £41.

Racal 'will consider a scrip issue'

AT THE next board meeting of Racal Electronics the directors will consider a scrip issue, Sir Ernest Harrison, chairman, told shareholders in response to questions at the AGM.

"One shareholder called for a scrip issue to improve the marketability of Racal shares, and shareholders were told that the possibility of such a move has been considered from time to time. Sir Ernest promised the directors would look again at it at their next meeting.

"It is really a question of arithmetic," he said after the AGM. "But shareholders seem to like it and feel it makes it easier for them to deal in the shares."

"We may well do it within the next 12 months, maybe this time next year."

He said he had no further news of trading but repeated his earlier forecast for another record year for the group.

Bermuda Bond Fund seeks full listing

Bermuda International Bond Fund, a Bermuda-based investment company, is seeking a full Stock Exchange listing for its shares.

The fund, which is managed by a subsidiary of the Bank of Bermuda, operates a portfolio of bonds and other securities with the aim of providing investors with the "maximum return consistent with a low level of investment risk."

The London listing, which is being handled by stockbroker Hoare Govett, will make the marketing of the fund in the UK and overseas easier. Offshore funds are restricted from advertising in the UK unless their shares are publicly quoted.

The Bermuda fund was launched in April 1980. The U.S.\$10 capital shares, in which income is accumulated, have appreciated since then to \$13.75 as of July 30 and the income shares to \$10.89, with an indicated yield of 12 per cent.

Dutch guilders securities and 12.18 per cent in money market instruments.

The fund concentrates investment in securities from which interest is received without deduction of any taxes. The fund is exempt from Bermuda taxes, but UK investors will be subject to UK taxes.

Dealings are due to begin on August 24, when copies of the prospectus will be available.

Meat Trade Supplies slides to £297,000

Second half taxable profits of Meat Trade Supplies fell from £238,000 to £165,000 bringing the total for the 52 weeks to April 3, 1982, down from £484,000 to £297,000. Turnover for the year advanced from £7.72m to £8.21m.

With earnings per 25p share stated down from 17.51p to 7.41p the final dividend is lifted from 4.275p to 5p but the total is lower at 6.75p (£3.875p).

The pre-tax profits included investment income of £201,000 (£208,000) while tax took £103,000 (£132,000) leaving net profits of £194,000 (£359,000) after deferred tax release of £184,000.

BASE LENDING RATES table listing various banks and their rates for different terms and deposit types.

Sumitomo to develop rich gold deposit

DEVELOPMENT WORK at Sumitomo Metal Mining's recently discovered Hushikari gold mine in south-western Japan is expected to start next February, with the first gold being produced in mid-1984.

Although small, the deposit is extremely rich, with an average gold content of about 80 grams per tonne. There are some 1.5m tonnes of ore, giving a total gold reserve of about 120 tonnes, the company said.

Sumitomo expects to add to these reserves as development work progresses. All 15 of a recent series of test drillings are reported to have encountered gold, and samples from 14 of these tests contained ore grading between 12.9 grams per tonne, well above the average for other mines in the country, and an extraordinary 656 grams per tonne.

Gopeng tin output rises

OUTPUT OF tin concentrates from the Malaysian producers in the Gopeng group moved ahead in July to 197 tonnes, from 178 tonnes in June.

The largest producer in the group, Gopeng Consolidated, produced 131 tonnes, against 139 tonnes in the previous month.

Production over the first 10 months of the group's financial year is running well ahead of that for the same stage of the previous year (1,326 tonnes, against 1,684 tonnes) in 1981.

Nevertheless, it must be borne in mind that production statistics are not at present a reliable guide to the individual companies' fortunes, in view of the export quotas imposed by the International Tin Agreement.

Shipments from Malaysia in the three months July-September are expected to fall by around 36 per cent this year, but it is not yet clear how the individual mines will be affected by the quotas.

Table showing tin output in tonnes for Gopeng, Klang, and Tanjong from July to May.

International round-up

The poor performance of the silver price over the first half of the current year gave Sunshone Mining of the U.S. a net loss of \$8.6cm (£3.2m), against a profit last time of \$1.5m.

The company recently announced the suspension of production at its Sunshine mine in Kellogg, Idaho, the biggest silver mine in the U.S.

The Bartrow Rand group's Transvaal Consolidated Lead and Exploration has suspended all operations at Marico Fluorspar, a wholly-owned subsidiary which mines fluorspar in the western Transvaal to South Africa. The property has been put on a care and maintenance basis.

TCI said that the market for tungsten, which is used in the steel, aluminium and chemical industries, has been very weak for many months, and there are no signs of a significant upturn.

A second quarter loss of C\$10,000 cut first-half profits of Canada's Tungsten Mining to C\$2.63m (£1.2m), or 53 cents a share. The results are not comparable with previous periods because of a prolonged strike during the first six months of 1981.

The company, in which Amarr of the U.S. has a stake of 65 per cent and Canada's Dome Mines 20 per cent, plans to cut production by a further 15 per cent from November. This follows earlier cuts of a similar amount.

Output from the mine, the biggest producer of tungsten in the western world, may have to be cut still further if demand does not improve over the next few months.

Racal profits rise

from £1 million to £100 million in thirteen years

The Company achieved record sales and record profits for the 27th consecutive year. The Group net profit before taxation for the year ended March 31st, 1982 amounted to £102,616,000 (previous year £73,211,000) an increase of 40.2%. Taxation is estimated to be £32,374,000.

In addition to the above profit, there was a realised currency exchange profit of £4,162,000 which after estimated taxation of £2,215,000 has been transferred direct to the Currency Equalisation Reserve in accordance with our usual practice. Sales during the year were £643,894,000 (previous year £536,434,000) an increase of 20.0%.

The improvement in the performance of Decca continued with sales of capital goods rising to £187,186,000 (previous year £154,394,000) an increase of 21.2% and pre-tax profits to £11,963,000 (previous year £3,138,000). On the Decca consumer goods side pre-tax losses amounted to £2,485,000 compared with £5,587,000 in the previous year.

The Directors are recommending the payment of a Final Dividend of 14.96% net of tax (3.74p per share) making a total of 20.02% for the year (1981 18.2%). Warrants for the Final Dividend will be posted on August 17th, 1982 to shareholders on the Register of Members on July 15th, 1982.

Over the last thirteen years the Company has increased its pre-tax profits from just over £1 million to over £100 million. To the best of our belief this is a record rate of growth by any manufacturing company in the United Kingdom.

Our Business: Racal is engaged in the business of professional electronics. Principal activities include Radio Communications, Data Communications, Radar Defence Systems, Precision Positioning and Energy Technologies, and Other Activities.

Radio Communications: Sales amounted to £178,000,000 and represented some 28% of the Racal sales in capital goods. The results of the first half of the financial year were disappointing but a very considerable improvement was achieved in the second half which was the most successful in the history of the Data Communications Group.

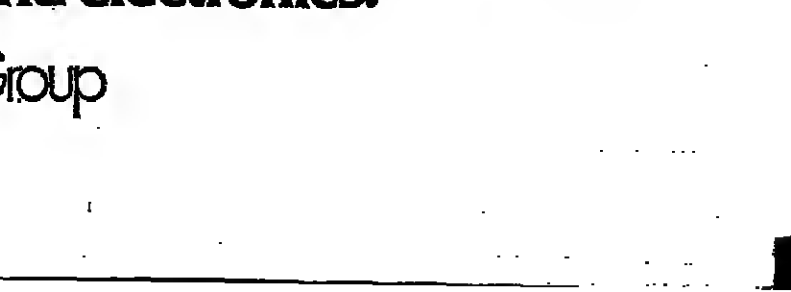
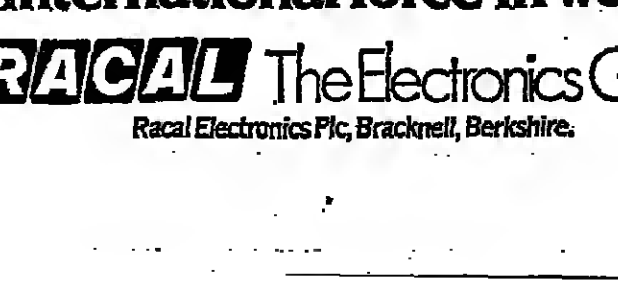
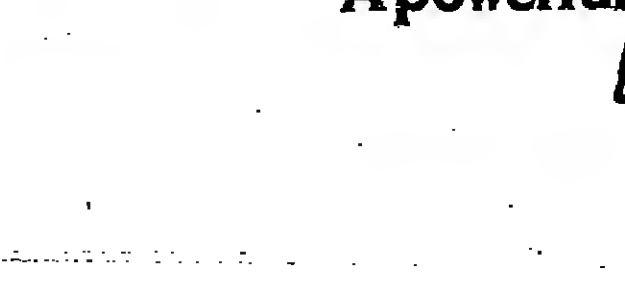
Data Communications: Sales amounted to £178,000,000 and represented some 28% of the Racal sales in capital goods. The results of the first half of the financial year were disappointing but a very considerable improvement was achieved in the second half which was the most successful in the history of the Data Communications Group.

Radar Defence Systems, Aviation and Marine Electronics: This sector represents 23% of the total Racal output with sales in excess of £40,000,000. Considerable management time has been given to restructuring two original Decca capital goods companies to create smaller autonomous profit centres, the Racal policy for many years which has contributed so much to our success.

Research & Development: With the ongoing expansion of Racal the number of people employed in R&D also continues to increase. Of the total cost involved 70% is provided from Racal's own resources, a very high figure for the British electronics industry, and a reflection of Racal's commitment to maintaining a large proportion of proprietary products in our total sales.

Appreciation: The Company's outstanding results once again reflect the exceptional dedication of the entire Racal team now totalling 19,000 around the world. I am certain that the shareholders would wish to join with me in congratulating each and every member of the Racal team for their remarkable efforts without which our great Company would not be held in its present esteem. We should also pay tribute to their families whose loyalty, encouragement and understanding is greatly appreciated by us all.

The Future: The world trade recession shows little sign of abating and international competition is more intense today than for a decade. It is essential, therefore, that the rate of inflation in the United Kingdom continues to fall and we totally support the Government's policy of regarding this objective as the number one priority. Much progress has been achieved in this direction, but more remains to be done.



A powerful international force in world electronics. RACAL The Electronics Group. Racal Electronics Plc, Bracknell, Berkshire.

EUROPEAN OPTIONS EXCHANGE table listing various option series, volumes, and prices for different companies and regions.

Additional text at the bottom of the page, possibly a signature or contact information.

Companies and Markets

BIDS & DEALS

Bid approach to Howard Tenens

ONE OF the stock market's better known asset plays and longer running bid favourites, Howard Tenens Services, finally rewarded its many followers yesterday by announcing that a bid approach had been received and was being considered.

After a strong share price run, culminating in a sharp rise over the previous 24 hours, the shares were suspended mid-morning yesterday at 64p to show a gain of 5p on the day.

The identity of the prospective bidder has not been disclosed but much of the market's interest in the steel stockholding group has been stimulated by the stake taken by Mr Ian Wasserman.

That holding, prompted in turn by Howard Tenens' extensive freehold property interests, was acquired earlier this year by G. M. Firth (Holdings) where Mr Wasserman has recently taken over as chairman. Firth's holding there amounted to 12.2 per cent.

Tenens' recent bid talks with Crest International, strongly opposed by Firth, recently broke up on commercial grounds. Recent speculation has been fuelled by rumours that Mr Ronald Shuck had been planning to expand his Epsley-Tyas property concern to Tenens' direction, particularly since Mr Shuck has realised his personal holding in the office equipment distributor, London and Liverpool Trust.

Monarch has distribution access to the network required by Newman-Tonks for its own products in the U.S. The company will spearhead the entry of Newman-Tonks into this market and the management will make recommendations for further U.S. acquisitions.

Pre-tax profits of Monarch for 1981 were \$251,000 and a figure in excess of \$500,000 is forecast for the current year. Net tangible assets disclosed by the un-audited accounts for 1981 were in excess of \$700,000.

The directors of Maurice James Industries have stated that discussions first announced on July 12, are continuing, but there is no other definite information which can be provided to shareholders at the present. They remain confident, however, that the negotiations will prove successful.

Ingall Industries has disposed of an engineering subsidiary, Ingall Engineers, for a nominal sum. The benefits will be twofold: First, the elimination of its attributable losses, which for the year ended June 1982 were approximately £50,000, and second, the elimination from the group's borrowings of this subsidiary's bank overdraft of £110,000. As at June 30 the net book value of Ingall Engineers was £14,885.

Under its new ownership it is to be hoped that Ingall Engineers will revert to full-time working in the near future.

Waterford Glass Waterford Glass Group and Aynsley China are to be consolidated in a new joint marketing operation for the UK. Mr J. Michael Gilroy, the chairman and managing director of Aynsley China, has been appointed managing director of a new company, Waterford-Aynsley UK, which will take over the marketing and distribution of products.

Dualvest—The Merchant Navy Officers Pension Fund has purchased 35,000 capital shares increasing its holding to 415,000 (20.7 per cent).

Pleasuremax—Prudential Corporation holds 5.86 per cent of the issued share capital. Allied International Designers Group—Iron Trade Employers Insurance Association has reduced its holding to 600,000 ordinary shares (5.92 per cent).

J. I. Fowler, a director, has acquired a further 26,040 ordinary shares. Tbgar Bardex—Mrs B. V. Fraser has sold 35,000 ordinary shares reducing holding to 1,018,820 (7.7 per cent).

London and Garmore Investment Trust—Hampshire County Council Superannuation Fund has increased its holding to 880,000 shares (20.71 per cent). Manor National—C. Shasha has increased his holding from 370,000 to 770,000 ordinary which, together with the 370,000 owned by R. Shasha, would amount to 7.71 per cent of the present issued ordinary capital.

Arden Electrical—L. C. Red-

Tetley purchase boosts Allied-Lyons' hold in U.S.

BY CHARLES BATCHELOR

TETLEY, the U.S. tea and coffee subsidiary of the Allied-Lyons food and drinks group, has acquired Schonbrunn and Company, a coffee producer, from American Maize Products for about £10m cash.

This purchase will double Tetley's ground coffee production capacity from 30m lbs annually to 60m lbs. Schonbrunn, based in Palisades Park, New Jersey has turnover of about \$50m (£47m) and employs 210 people.

This will give us a secure base in the North-East quadrant of the U.S., said Mr Leonard Badham, managing director of the J. Lyons food division and director responsible for the U.S. The Schonbrunn acquisition will allow Tetley to reduce production costs and will make it the second largest producer and

seller of coffee in the north-eastern U.S. after General Foods, he added.

Schonbrunn sells premium coffees under the Savarin and Brown Gold brand names and espresso coffees under the Medaglia d'Oro and El Pico brands.

It distributes both through supermarkets and to the "institutional trade" — caterers and hospitals.

Tetley markets the Marlinton premium brand and the Bustelo espresso variety. American Maize is a listed company processing corn to produce fructose and other sweeteners as well as making cigars and candy. Schonbrunn is its only coffee subsidiary. Schonbrunn is the second U.S. coffee company to be bought by

Allied-Lyons this year. It earlier paid £21m for Tenco, the instant coffee and lead tea products division of the Coca-Cola Company. Tenco, an important supplier to Tetley, had \$150m turnover and employed 700 people.

To Allied's annual report for the year ended March 8, the chairman, Sir Derrick Holden-Brown, said the group's U.S. businesses had performed "outstandingly well, maintaining an impressive improvement in the rate of profit growth."

Allied's three U.S. companies — Tetley, Baskin-Robbins Ice Cream Company and DCA Food Industries, which makes cereal mixers and food processing systems—had combined turnover of £192m last year. The Tenco acquisition took effect after the financial year-end.

Newman-Tonks purchase in U.S.

Newman-Tonks Group has acquired Monarch Hardware and Manufacturing Co of Kentucky, U.S., a maker of hardware products for the architectural hardware trade which are compatible to those of Newman-Tonks. The consideration is \$1m (£0.59m) cash, plus a further minimum payment of \$1.6m (£0.94m) cash phased over at least a three-year period.

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assets disclosed by the un-audited accounts for 1981 were in excess of \$700,000.

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Arden Electrical—L. C. Red-

LONDON TRADED OPTIONS

Table with columns: Option, Expiry, Closing price, Offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close. Includes sub-sections for November, December, and February.

Cavendish Life chief gives a guarantee

The Gibraltar-based life company, Cavendish Life Assurance, has announced a further step in its plans to strengthen the company's financial structure and to provide additional financial protection to bondholders.

This move consists of Mr Warren Adams, the company chairman and founder of Adams Petroleum Inc of Tulsa, Oklahoma, giving a deficiency guarantee of £1.5m as a personal liability.

Mr Adams, who acquired Cavendish last month, also points out in reply to recent Press reports on the financial structure of the company that all benefits due to date on existing bonds have been met in full by Parkford Petroleum Inc—lo which company bondholders' funds are invested.

Mr Hugh Mackay, managing director of Cavendish Life Assurance Services (UK), the UK servicing company for Cavendish Life, confirmed that the company was negotiating with the Gibraltar authorities to ensure that proper accounts and regular actuarial valuations of the company would be maintained.

J. Bibby and Sons—Tiger Oats and National Milling Company of South Africa has purchased 24,000 ordinary shares. In order to restore its holding to 30 per cent of issued ordinary share capital T. T. Tait, a director sold 200,000 of the Bibby shares which he acquired as part consideration in the acquisition of Sterlin on August 12. Mr Tait continues to hold a further 400,000 shares.

Peter Black Holdings—P. E. Shields, joint trustee and having no beneficial interest, is interested in 2,720,000 ordinary shares. He also has a beneficial interest in 2,000 ordinary shares.

Haslemere Estates—D. M. Pickford, a director, has sold 30,000 ordinary shares.

SHARE STAKES

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BERKELEY AND HAY HILL INVESTMENTS PLC

Advertisement for Berkeley and Hay Hill Investments PLC, including share capital details and company information.

FULCRUM INVESTMENT TRUST LIMITED advertisement with asset value and share details.

Large advertisement for SHANDONG FOREIGN TRADE CENTER, including inauguration ceremony details and contact information.

GOLD FIELDS GROUP GOLD FIELDS OF SOUTH AFRICA LIMITED. Preliminary Announcement of Results. Audited consolidated profit for the year ended 30 June 1982.

ABERCOM GROUP LIMITED. AUDITED INCOME STATEMENT for the year ended 30th June 1982. Includes financial tables and company information.

July 10 1982

NOTICE OF REDEMPTION To the Holders of

Steady progress at Argyle Trust

A RISE of £72,000 to £402,000 in pre-tax profits is reported by Argyle Trust for the six months to June 30 1982. Turnover increased from £1.5m to £2.1m. The directors say that, although not reflected in the results, considerable progress has been made towards the goal of building a strong diversified financial services group.

British Bakeries senior posts

Mr J. R. (Jim) Kinloch has been appointed deputy managing director of BRITISH BAKERIES division of Rank Hovis McDougall. He was previously industrial relations director. Mr Howard Mann has joined British Bakeries in the new position of sales and marketing director (designate). He was sales director of Shoppers Paradise.

CITY OF COPENHAGEN 3% Sinking Fund External Loan Bonds due 1984

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-mentioned issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on September 15, 1982 at 100% of the principal amount thereof through operation of the Sinking Fund, \$830,000 principal amount of said 3% Sinking Fund External Loan Bonds due September 15, 1984 as follows:

British Rayophane deficit

A DIVE into pre-tax losses of £515,000 has been made by British Rayophane for the first six months to June 30 1982, compared with profits of £626,000. Sales held steady at £28.92m against £28.92m. Results for the first half, say the directors, reflect the severe reduction in profit margins for polypropylene film and continuing heavy losses in cellulose film, which have become insupportable.

PRIVATE PATIENTS PLAN has appointed Mr David Cavers as market planning manager with responsibility for development of business through brokers, consultants or agents.

Mr Alzo Harris has been appointed finance director of WORLEY ENGINEERING. Mr David A. G. Ireland becomes company secretary. Worley Engineering is a member of the William Press Group.

NOTICE The following Bonds previously called for redemption have not as yet been presented for payment:

Table with columns for Bond Number, Denomination, and Issuance Date. Includes entries like 240 100 1981 2576 4014 4546 5330 5847 6981 7209 7561 7930 10238 11092 11478 11668.

Meyer first quarter ahead

FIRST-QUARTER profits were ahead of those for the last year, Mr Ronald Groves, chairman of Meyer International, told members at the annual meeting. While last year at this stage profits on sales of property were about £500,000 there had been no contribution from that source this year.

Worldwide head for Touche Ross

Mr Russell E. Palmer, managing director and chief executive officer of TOUCHE ROSS INTERNATIONAL (TRI) has been re-elected as worldwide head of the international accounting and consulting firm for a three-year term beginning September 1. Mr Palmer, whose ten-year term as managing partner and CEO of Touche Ross and Co., U.S., officially comes to an end later this year in accordance with the firm's partnership policy, previously has held both the U.S. and worldwide positions. At the same time, TRI's board of governors re-elected as its chairman, Mr Douglas R. Baker, who is managing partner of Touche Ross and Co., UK. He has served as chairman of TRI's board since 1979.

INTERNATIONAL

been appointed controller of Loral Metals Technology, a subsidiary of Loral Corporation. Mr Hoffman has been senior internal auditor. Mr Patrick J. Keenan has become a director of SYDNEY DEVELOPMENT CORPORATION. Mr Gary Macdonald is assistant general manager, computers division—will have general management responsibilities for the division and Mr Alan Strawbridge is appointed software manager.

Barclays Bank Interest Rates. BASE RATE Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 18th August 1982, their Base Rate will be decreased from 11 1/2% to 11% per annum. This new rate also applies to Barclays Bank Trust Company Limited.

CONTRACTS & TENDERS NATIONAL COPPER CORPORATION CHILE Codelec - Chile, Chuquicamata Division "Nortegrande" Electric Company Limited Edelnor Ltd., an Endesa's subsidiary - Chile NATIONAL AND INTERNATIONAL TENDER FOR THE SUPPLY OF ELECTRIC ENERGY

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CLUBS EYE has published the others because of a copy of his play 'The Value of Money'.

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COMMODITIES AND AGRICULTURE

Companies and Markets

Quotas for rubber to be decided

THE MUCH postponed meeting of the Association of Natural Rubber Producing Countries (ANRPC) is to be held in Kuala Lumpur next Monday and Tuesday.

The meeting, a follow-up of the emergency meeting of ANRPC members in May, is to work out export quota cuts for each country under a plan to hold back about 350,000 tonnes from the world market because of depressed prices.

WOOL-SHEARERS in Australia have staged an indefinite strike over pay. About 25,000 shearers and associated farm hands have downed tools, union officials claimed.

JAPANESE aluminium users, including rolling mills, have been negotiating with overseas suppliers to cut prices and volume of primary aluminium because of sluggish domestic demand and a flood of low-cost imports.

CANADA Tungsten Mining will cut tungsten production by 15 per cent from November because of weak demand. It said 1982 production had been about 15 per cent below 1981 levels.

SOUTH AFRICA'S 1982-83 sugar crop estimate has been cut by 12,500 tonnes to 2,200 tonnes, up from 1,200m forecast last month.

THE U.S. Agriculture Department has projected world production of wheat and coarse grains in 1982-83 at 1,228.8m tonnes, up from 1,209m forecast last month.

INDIA's 1982-83 Jute goods production in India fell 80,113 tonnes in July against 83,777 tonnes in June, according to the statistics released by the India Jute Mills Association yesterday.

Canada Tungsten produced 7m lb of tungsten in 1980.

Price of copper down in London

BY OUR COMMODITIES STAFF

COPPER PRICES turned sharply downwards on the London Metal Exchange (LME) yesterday and cash high grade metal closed £13.30 down at £816 a tonne, in spite of steady in the afternoon.

However, there is now widespread speculation about physical contracts being switched from the LME to other centres. It has also been suggested that deliveries against LME contracts might be from copper "on warrant" but not actually included in the stocks figure, which stood at 145,925 tonnes at the end of last week.

LME tin prices finished substantially higher with cash standard metal quoted £133.50 up on the day at £6,925 a tonne.

Dealers reported continued covering against recent physical business and also saw signs of new Eastern Bloc buying.

Further borrowing of cash metal against forward sales by the International Tin Council's buffer stock manager widened the cash premium to £45 a tonne at one stage. But this was overshadowed by forward dealer buying, reportedly against Soviet purchases, and the premium narrowed to a few pounds.

Mr Neil Sowerby, manager of an Auscott-owned farm at Moree, in the Gwydir Valley, said heavy rains were needed in the next three months, Auscott's Australian biggest cotton grower and processor.

Other prime cotton areas include the Macquarie Valley in central western NSW, Bourke, in the far west of the state, and south western Queensland. But these areas are not so badly hit by lack of rain.

Last season's Australian cotton crop was about 133,000 tonnes, a third up on the previous year. Plantings this year had been expected to rise by about 8 per cent before the drought worsened.

More than half failed to answer, but the 490 who replied own 85 per cent of the breeding sows in the poll area, and 90 per cent of these said "yes".

After announcing the result, Mr James Dewhurst, chairman of the group, called on Mr Peter Walker, the Agriculture Minister, to introduce a slaughter scheme without delay.

Australian drought hits cotton

By Michael Thompson-Noel

AUSTRALIA'S cotton growers are facing serious setbacks because the reservoirs which irrigate the Namoi and Gwydir valleys in north western New South Wales, where most of the crop is grown, are drying up.

Cotton farmers in NSW, like the state's wheat growers, are counting the cost of the current drought. Cotton has emerged as something of a glamour crop in the past 10 years, because of its potentially high returns, but planting this year could be halved.

The Namoi and Gwydir Valleys produce about half the country's A\$150m (£88m) cotton crop.

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After announcing the result, Mr James Dewhurst, chairman of the group, called on Mr Peter Walker, the Agriculture Minister, to introduce a slaughter scheme without delay.

Mr Sowerby said the Government should fund the poll area, and that it should be funded by the Government until legislation could be passed for a producer levy.

"It will be cheaper for the industry to pay the Government back with interest than to be faced with the rapidly escalating costs of the disease," he said.

Ill winds that blow no good

BY A CORRESPONDENT

THE Russian grain harvest is poor yet again. It might have been expected that the Soviet Union was due for a better harvest after three bad years.

This continued run of failures raises serious questions about whether these agricultural problems are because of a more permanent shift in the climate. The immense size of the Soviet Union means any observations about climate must be made with great care.

Extremes which can spell disaster for one region may be compensated for by opposite conditions in other parts of the country. But, because of its high latitude, much of the country is close to the climatic margin for cereal production.

The important regions in considering possible climatic changes are the traditional grain-producing regions of European Russia and the more recently developed virgin lands of the south west Asian republics.

Here, while cold winters like that of 1979 and unseasonably late springs or early autumns can do much damage, the single most damaging climatic extreme is summer heat and drought. This year these conditions have struck to the east of the Volga.

The frequent complaints about potentially poor harvests in the Soviet Union are not reflected in the statistics. They may, however, cause great problems to farmers in the Soviet grainlands was higher and more reliable than at any other time in the last 100 years.

Since around 1960 the figures have dropped significantly. This decline has led to speculation that the weather patterns may be returning to those prevailing in the 19th century when the rainfall was much lower, especially in the new lands that have been opened up in Central Asia.

The variations in the rainfall in the Soviet Union is closely related to changes in the strength of the atmospheric circulation in the northern hemisphere.

The strength and frequency of the westerly winds over northern Europe which carry moisture from the Atlantic deep into the Soviet Union are an important measure of this circulation.

The incidence of these winds reached a peak in the 1930s and have in the last decade or so fallen to values not recalled since the end of the 18th century.

French ban on meat unclear

BRITISH GOVERNMENT officials were still trying to establish yesterday what British meat was to be barred from France under the import ban announced on Monday.

A Freoch Government official said on Monday the import of all meats treated with hormones would be refused entry in future.

However, the legislation falls short of the Bills passed last week in both Houses.

The Government, under the compromise legislation, would pay farmers to leave 10 to 15 per cent of their land they would use for growing wheat, feed grains and rice.

Wheat and rice producers would be required to keep a total of 20 per cent of their land out of production before they could receive payments for the 5 per cent withheld. Feed grains producers would have to set aside a total of 15 per cent.

Wheat farmers would receive 40 per cent of the cost of the 5 per cent of production not of production on 5 per cent of acreage. Corn producers would receive up to \$1.50 per bushel, and rice producers would receive \$3 per cwt.

The U.S. Department of Agriculture, to further assist the cash-crop producers, would offer producers who enroll in the programme, half their diversion payments at the time of enrolment, and would give the advances on their 1983 crop deficiency payments.

Those farmers who did not cooperate with the set-aside, would be ineligible for other department of agriculture assistance schemes.

Both the U.S. DA and farm-State Congressmen are anxious to force compliance with the programme in order to reduce surpluses.

The conference legislation ordered no paid diversion programme for cotton, but indicated the U.S. DA should do so if surpluses mounted.

Those farmers who did not cooperate with the set-aside, would be ineligible for other department of agriculture assistance schemes.

U.S. land scheme aims to cut farm surpluses

BY NANCY DUNNE IN WASHINGTON

A MEASURE to pay farmers to leave land out of production has been approved by a House-Senate Conference Committee.

However, the legislation falls short of the Bills passed last week in both Houses.

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AMERICAN MARKETS

NEW YORK, August 17. COFFEE RALLIED on the session after a week of price volatility, but fell back to its starting point of 100.00 cents per cwt.

Wheat futures advanced to 1.50 per bushel, while corn futures were unchanged at 1.50 per bushel.

Gold prices were steady, with spot gold at 333.33 per ounce.

Oil prices were mixed, with crude oil futures up 1.50 cents per barrel.

Grain prices were generally higher, with wheat futures up 1.50 cents per bushel.

Metals prices were mixed, with copper futures up 1.50 cents per pound.

Textile prices were steady, with cotton futures up 1.50 cents per pound.

Other commodity prices were mixed, with soybean futures up 1.50 cents per bushel.

Stock prices were mixed, with the Dow Jones Industrial Average up 1.50 points.

Commodity prices were mixed, with sugar futures up 1.50 cents per pound.

LONDON OIL

Table with columns for oil types (Crude Oil, Fuel Oil) and prices per barrel.

GAS OIL FUTURES

Table with columns for gas oil futures contracts and prices.

GOLD MARKETS

Gold fell \$4 in the London bullion market yesterday, finishing at \$338.339, it opened at \$338.539, and was fixed at \$338.539 in the morning, and \$337.75 in the afternoon.

BRITISH COMMODITY MARKETS

Table listing various commodities like Wheat, Barley, and their prices.

LONDON FUTURES

Table with columns for commodity types and their future prices.

BASE METALS

Table listing base metals like Copper, Zinc, and their prices.

COFFEE

Table with columns for coffee grades and prices.

RUBBER

Table with columns for rubber grades and prices.

PRICE CHANGES

Table listing price changes for various commodities.

SOYABEAN MEAL

Table with columns for soyabean meal grades and prices.

MONDAY'S CLOSING PRICES

Table listing closing prices for various commodities.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Widespread gains in fixed rate dollar Eurobonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FIXED RATE dollar Eurobonds proposals designed to limit the ownership of bearer bonds by U.S. citizens. This could have a serious impact on the bond market in Europe, but there was a growing feeling that the legislation would be worded in such a way as to have minimal impact.

Ambrosiano offshore bank for liquidation

By Nicki Kelly in Nassau

SHAREHOLDERS of Banco Ambrosiano Overseas (Nassau) at a meeting yesterday agreed to let the bank into voluntary liquidation. The decision follows recommendations made by a group of the bank's major creditors who met in Brussels last week.

Sue Cameron reports on a worldwide industry where the competitive position is shifting Europe's chemical groups under siege

Further signs of the ebbing strength of Western Europe's chemical industry—particularly when compared with its U.S. competitors—are shown in a new survey of the world's top 200 chemical and pharmaceutical companies.

The survey, carried out by Chemical Age which is now incorporated into the trade journal Manufacturing Chemist, indicates that the market share of the big West European chemical producers is being eroded. And it is European companies which feature most prominently among companies showing the largest pre-tax losses for 1981 and the lowest return on capital.

Mr Stuart Slade, author of the survey, said yesterday that the way in which the European Economic Community's chemical industry was declining was "frightening". He suggested that although the recession and chronic overcapacity were largely responsible for the Europeans' comparatively weak performance, there was also some evidence that they were "not as light on their feet" as their U.S. competitors when it came to tackling major problems.

The survey found that almost half the top 200 companies had cut their labour forces in 1981—and there was also an overall drop in capital spending. British chemical companies, with the exception of ICI, tend not to figure favourably in the survey. But Courtauld's UK-based group, which had the highest rate of pre-tax profit—up 50% in 1981.

As making the lowest return on capital employed. The list of the top 20 net earners in 1981 is overwhelmingly dominated by U.S. groups—only six European companies—the three West German majors, ICI and two of the three Swiss-based pharmaceutical groups, Hoffmann-La Roche and Sandoz—appear near the head. But it is Japanese companies which have traditionally dominated the highest sales—employee headcount and have also so in 1981. A total of 28 of the top 30 companies in this field were Japanese.

WORLD MARKET SHARES

Table with columns: Companies based in, Sales \$bn 1981, Share of market 1981, Share of market 1980. Includes Hoechst (Germany), Du Pont (U.S.), Bayer (Germany), etc.

Table with columns: R & D Spending \$m, Hoechst (Germany) 467.4, Du Pont (U.S.) 431, Bayer (Germany) 619.4, etc.

\$100m Brazilian credit

BY OUR EUROMARKETS STAFF

BRAZIL'S state mining company Cia Vale do Rio Doce (CVRD) is raising a \$100m credit in the Eurobond market to help finance the Carajas iron ore project, which should come on stream by 1983.

Intel ahead at halfway stage

By Our Financial Staff

INTEL, the San Francisco-based transportation leasing group which has operated under Chapter 11 of the Bankruptcy Act since January last year, reports a second quarter net profit of \$2.6m from continuing operations, compared with \$2.9m in the corresponding period of 1981.

U.S. store groups lift profits

BY RICHARD LAMBERT IN NEW YORK

THREE large U.S. general merchandise retailers report increased second quarter profits. At J. C. Penney, earnings rose 32.6 per cent, from \$44m to \$58m, or from 63 cents to 82 cents a share thanks to an improvement in gross margins and a \$13m gain arising from the early retirement of long term loans.

Mr Donald Seibert, Penney's chairman, said that margins had risen as a result of increased emphasis on apparel and home furnishings. This had led to higher mark-ups and lower life provisions, which had in turn offset significant increases in markdowns.

For the first half of the year, the department store and catalogue chain's earnings rose from \$84m to \$122m, asking earnings per share from \$1.34 to \$1.55. Sales volume in the six months declined by 0.8 per cent, from \$3.14bn to \$3.10bn.

Sharp drop at Dresser

BY OUR FINANCIAL STAFF

THIRD QUARTER profits have tumbled sharply at Dresser Industries, one of the world's leading suppliers of technology, products and services to the energy and natural resources industries. Net earnings in the Dallas-based group fell from last year's corresponding \$33.8m or \$1.07 a share to \$13.5m or 20 cents a share.

The survey covers not the chemical interests of all companies. The survey found that almost half the top 200 companies had cut their labour forces in 1981—and there was also an overall drop in capital spending.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues, for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday September 14.

Large table of international bond issues with columns for U.S. DOLLAR STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLES, BONDS, etc.

N. AMERICAN QUARTERLIES

Table of quarterly financial data for various North American companies including Baldwin-United, Denny's Inc., Digital Equipment, etc.

elf aquitaine

Advertisement for elf aquitaine (Société Nationale Elf Aquitaine - SNEA) featuring a logo and financial data. Includes text: 'This announcement appears as a matter of record only.' and '£100,000,000 Revolving Acceptance Credit'.

Sea Containers shows growth

BY OUR FINANCIAL STAFF

SEA CONTAINERS, the major container and ship leasing group, lifted net earnings 15 per cent, from a corresponding \$10.3m in the second quarter of fiscal 1982, on revenues up from \$30.5m to \$33.8m.

After allowing for preferred share dividends, net earnings per share amounted to \$2.42 against \$1.81 for the half-year and \$1.16 against \$1.10 for the second quarter.

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Companies and Markets INTL. COMPANIES & FINANCE

Doubts on Ruhrstahl state guarantee

By Jonathan Carr in Bonn
THE West German Government has stressed that it remains ready to provide aid for the Ruhrstahl concern, to be formed by the merger of the steel operations of Hoesch and Krupp.
But Economics Ministry officials also made it clear yesterday that there are strong reservations about a request for a state guarantee sought by Hoesch and Krupp.
It is understood that the request was made in parallel with an application for a state investment grant. These grants were introduced by the Government last year to help the German steel industry.
However, the Ministry has pointed out that the grant is available only to companies who, with their banks, are prepared to take a large part of the risk for their own investment plans. Provision of a state guarantee in this connection is thus not felt to be appropriate.

Sulzer to cut workers' hours as orders drop

By John Wicks in Zurich
SOME 20 per cent of the Swiss labour force of the Sulzer brothers engineering group is to be put on short time. The company plans a series of measures aimed at adjusting production to the recent drop in orders.
The parent company's machine-building division is in October to introduce short-time operations affecting some 300 employees and leading to a cut of 10 to 20 per cent in working hours. Over and above this, what Sulzer refers to as "re-dimensioning measures" are to be introduced which could lead to redundancies.
At the same time, about 1,300 employees at the weaving-machinery plant in Zuchwil will be affected by the introduction of an average 20 per cent cut in working hours; the textile-machinery division will put 415 employees on short time at three other works; and from next January a further 330 Zuchwil employees are expected to have their hours cut by 20 per cent.
Sulzer's engineering subsidiary Escher-Wyss will put some 300 employees on short time at the start of next month and, "if the situation does not improve," add a further 200 in November.
Von Roll, Switzerland's largest steel manufacturer, is to cut working hours by 25 per cent for half of the 900 employees involved in steel production.
The cuts, to begin in September, will last for two months. The company said it anticipates a weakening of orders from abroad

Frankfurt bourse shivers ahead of AEG decision

BY KEVIN DONE IN FRANKFURT

WEST GERMAN share prices fell to their lowest point for more than seven years yesterday as the Frankfurt stock exchange was swept by rumours that AEG-Telefunken, the financially-stricken electrical group, was on the brink of plunging into bankruptcy.
The stock market speculation was dismissed by the company as "absolute nonsense," but share prices suffered across a broad front with the stock of leading West German banks and major industrial corporations under especial pressure. A wave of selling orders came strongly from abroad with a particular lead taken by investors in the U.S. and Switzerland.
On the German stock markets the Commerzbank index slumped to 650.2, its lowest point since February 1975, falling from 663.2 on Monday. The AEG share price fell again to DM 25.20 from DM 27.80 on Monday.
AEG's 24-member domestic banking consortium is to meet today for a critical meeting on the company's request for new loans of up to DM 1.1bn (\$436.5m).
There are strong signs that some West German banks have reached the limit of their exposure to AEG and are unwilling to take part in the latest liquidity action, but the company said last night that half the DM 1.1bn had already been made available.
Some smaller consortium members are understood to be insisting on participation by all members as a precondition for giving further credit and some are seeking clarification of the Federal Government's willingness to grant loan guarantees to cover additional credits of around DM 1bn.
AEG said last night that the DM 550m already made available by some consortium members was more than sufficient to provide the group's current liquidity needs for the further orderly running of the business.
Crucially, the company is also hoping for reactions today from around 40 foreign banks which play a leading role in the financing of its foreign subsidiaries, which as yet have not been directly hit by the parent company's move to seek a settlement with its domestic creditors. AEG has asked the foreign banks to support its rescue efforts.
Two further domestic subsidiaries of the AEG group were forced yesterday to follow last week's action by the parent company and apply to the courts for protection from their creditors.
The household appliance manufacturers Zanker Tubingen (100 per cent AEG owned, DM 280m of sales in 1981 and 1,000 employees) and Neff-Werke (99.5 per cent owned by AEG, DM 357m sales in 1981 and 1,700 employees, located in Bretten in Baden-Württemberg) yesterday started legal proceedings as a first step towards liquidation.
By contrast the AEG-Telefunken parent company and Kupperschubert, a further household appliance subsidiary, have gone to the courts in a last-ditch attempt to re-structure and stay in business.

Copenhagen Handelsbank ahead

BY HILARY BARNES IN COPENHAGEN

COPENHAGEN Handelsbank improved first half operating profits before depreciation and had debt provisions from Dkr 270m to Dkr 331m (\$37.9m).
The bank said the improvement was because of the general expansion of business and the success in limiting the exchange rate loss on subordinated loan capital in foreign currencies, which last year reduced operating profits by Dkr 58m.
Net profits in the full year are expected to be maintained assuming that bond prices remain steady and there are no sharp fluctuations in interest rate levels. First half losses and gains on the bond portfolio cancelled each other out, despite generally weaker bond prices.
The change in portfolio values between the final days of each year is incorporated in the profit and loss account of Danish banks and bond market fluctuations can therefore have a crucial influence on the outcome of year-end profits.
Bad debt provisions are expected to run at the same high level as last year, the bank said. The balance sheet total increased from Dkr 43.9bn in June last year to Dkr 51.8bn at June, 1982.
Privatbanken says that profits for 1982 will be reduced, partly as a result of large bad debts. The bank's first half operating profit increased from Dkr 92m to Dkr 116m.
Andelsbanken expects a substantial improvement in 1982 earnings. The first half operating profit increased from Dkr 33m to Dkr 125m with the improvement attributed to increasing foreign business and better cash management.

Abercom lifts profits and payout

BY OUR JOHANNESBURG CORRESPONDENT

ABERCOM, the South African engineering group, reports higher pre-tax profits for the year ended June, 1982, and is lifting its dividend to 38 cents a share from 31 cents.
On sales 6 per cent higher at R244m, profits before tax have improved to R23.2m (\$20m) from R21.4m. However, the company notes that its trading has been marred by weakening business conditions.
In South Africa, harder conditions lie ahead, and Abercom sees no visible sign of a recovery in the U.S. or Europe. It therefore believes that internal profit targets for the current year will be difficult to achieve.
After a tax credit, losses during 1981-82 from discontinued operations are limited to R7.7m. There is also an extraordinary credit of R6.3m. The upshot at the bottom of the profit and loss account is that net income emerges at an unchanged R14.7m.
Abercom plans to press ahead with its rationalisation, and expects any losses arising in future from divisional pruning to be minimal.
In the meantime, the group balance-sheet is looking healthier. Net assets attributable to shareholders have increased from 383 cents a share a year ago to 407 cents. Debt at June 30 totalled just over one-third of the net worth.
The bright spots for trading last year were the international fax division and components and spring-making. Earnings on the process equipment side were satisfactory.

Swiss machine tool group in the red

BY OUR ZURICH CORRESPONDENT

AN OPERATIONAL group of unpublished reserves. The group expects this transaction, based on a revaluation of Charmilles' property holdings, will give it sufficient resources to cover a further loss anticipated for the current 1982-83 year. A return to profitability is expected in 1984.
Charmilles' group turnover last year to SwFr 177.6m. It is engaged in a reorganisation programme, to concentrate activities on electrical-discharge machine tools.
The group has already sold its turbines division to Ateliers De Vevey, and its stake in the Cuenod heating-installations concern to the Kloeckner group of Germany.

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Showa Denko deeper in the red at six months

BY YOKO SHIBATA IN TOKYO

SHOWA DENKO, a major Japanese diversified chemical company, suffered increased operating losses in the half year ended June 30 because of depressed demand, overcapacity, higher costs of imported raw materials caused by the yen's depreciation, and the loss of domestic market share to imported petrochemicals from the U.S. and Canada.

The operating losses expanded to ¥763m (\$29.7m) from the previous year's ¥666m deficit. The net deficit was

¥415m compared with net profits of ¥103m a year earlier.

Sales slipped by 0.4 per cent to ¥191.5bn (\$722m). With sales of chemicals falling by 1.6 per cent to account for 55.1 per cent of the total. Sales of furnace products rose by 1.9 per cent to account for 28.2 per cent of the total, helped by stable sales of industrial gases. However, sales of carbon electrodes for electric arc furnaces declined because of the global steel recession. Only the inorganic and construction material division fared well with sales rising by 6.3 per cent

to account for 16.5 per cent of the total.

Showa expects its performance to improve in the second half because of favourable factors such as higher prices for petrochemicals, cost reductions, and the launching of new products. Full year operating profits are expected to reach ¥1,240m, down by 16.7 per cent from the previous year. Net profits are forecast to rise 3.1 per cent to reach ¥590m while sales edge ahead 0.3 per cent to ¥385.5bn. The company will try to maintain a ¥4 a share dividend.

Slowdown for foreign banks in Malaysia

By Wong Sulong In Kuala Lumpur

THE TWO largest foreign banks in Malaysia—Chartered Bank and Hongkong and Shanghai Banking Corporation—have reported only moderate improvements in earnings for the year ended December 1981 compared with the more buoyant performance of local Malaysian banks.

HSBC reported a 4 per cent increase in after-tax profit to 39.89m ringgit (U.S.\$17m) while Chartered, part of the Standard and Chartered group of the UK increased after-tax earnings by 14.5 per cent to 26.8m ringgit.

In contrast, Malayan Banking, the second largest locally owned bank, has reported a 22 per cent increase in net profits for the same period to 31.7m ringgit. Reflecting the recession in Malaysia, HSBC and Chartered registered slower growth in customers deposits as well as in loans and advances.

Total customers deposits at HSBC rose by 180m ringgit to 2.39bn ringgit (U.S.\$997m) while deposits at Chartered increased by 122m ringgit to 2.25bn ringgit. Total loans and advances at HSBC rose by 226m ringgit to 1.9bn ringgit while loans at Chartered increased by 96m ringgit to 1.55m ringgit.

At the year-end HSBC and Chartered had total assets of 4.53bn ringgit and 4.3bn ringgit respectively making them the third and fourth largest banks in Malaysia after Bank Bumiputra and Malayan Banking.

HSBC and Chartered are discussing with the Malaysian authorities the local incorporation of their operations, which would allow them to comply with the government's New Economic Policy while participating fully in the country's economic growth.

Because of their size, not more than 20 per cent of their equity is expected to be sold to Malaysians initially.

Yamanouchi hit by price cuts

BY OUR TOKYO CORRESPONDENT

YAMANOUCHI Pharmaceutical, a leading Japanese pharmaceutical manufacturer with a particular strength in prescription drugs, has posted only single figure growth in profits in the half year ended June because of compulsory price cuts in the National Health Insurance scheme.

Operating profits rose by 5.7 per cent to ¥7,87bn (\$29.7m) and net profits were up 4 per cent to ¥3,15bn. Sales advanced

by 12.3 per cent to ¥45,76bn. Sales of existing drugs remained flat while newly launched drugs such as "Peridipine," a cerebral vasodilator, contributed ¥7.4bn to total sales.

The growth in earnings was held back by higher sales expenses associated with the launch of new drugs.

In the half year ending December, sales of Peridipine are expected to grow to ¥6bn from ¥5bn in the first half.

The launch of a further two new drugs in the half are also expected to bolster sales. However, another price cut of prescription drugs is expected in the period, which is likely to have an adverse effect on earnings.

Full year operating profits are forecast to rise 2.8 per cent to ¥15,5bn and net profits by 2 per cent to ¥5,8bn. Sales of ¥55bn are expected, a rise of 11 per cent.

Midterm loss for Alcan Australia

By Lachlan Drummond in Sydney

ALCAN AUSTRALIA has rounded out a depressing half year for the Australian aluminium producers by posting a \$2.35m loss for the six months to June 30 on unchanged sales of A\$111.5m (US\$106m).

The directors attributed the loss to continuing increases in labour, energy, interest and other operating costs when depressed market conditions had sopped the company raising prices.

The worsening from the already depressed A\$4.98m profit achieved in the corresponding period last year came hard on the 53 per cent drop in net earnings to A\$5.71m reported by Comalco and the 35 per cent decline to A\$36.9m at Alcoa of Australia.

While held back by the depressed domestic market, lower international prices also meant Alcan's returns from this source were reduced despite increased shipments as it built up to its commitment under a 4,000 tonnes a year contract to Nippon Light Metals.

The net interest bill for the period was ahead from A\$7.24m to A\$10.36m which pushed the group into the red at the net level from its operating profit of A\$5.1m against A\$17.5m net profit was struck after a tax credit of A\$2.9m

Woodside Petroleum steps up gas project spending

BY OUR SYDNEY CORRESPONDENT

WOODSIDE PETROLEUM drew down a further A\$3.4m (U.S.\$1.5m) of its U.S.\$1.4bn international loan facility in the six months to June 30 and stepped up spending on the North-West shelf gas project.

The company spent a total of A\$160m on development and exploration on the project in the period and as an indirect result profit for the half year was reduced.

Net profit was down from A\$1.58m to A\$983,000 with a major factor being the reduction in investment income as it used funds raised for exploration and development.

Investment income fell from A\$4.78m to A\$2.28m, more than offsetting the benefit from increased gas production in the Cooper Basin where it holds an interest through Vamgas. Its spending on the Cooper Basin, meanwhile, jumped from A\$2.3m to A\$14.5m.

With the latest A\$3.4m drawing from the North-West Shelf credit Woodside has now taken up the equivalent of A\$228.8m.

Chuang's lifts profits by 107%

CHUANG'S (HOLDINGS), one of Hong Kong's few quoted electronics companies, has reported profits up 107 per cent to HK\$20.3m (U.S.\$3.2m) after tax for the year to March 31, Robert Cottrell reports from Hoog Koon.

Attributable profits are, however, down from HK\$84m to HK\$22.3m since the prior year saw extraordinary gains on land sales of HK\$74m against HK\$2.1m in 1981-82.

Chuang's has proposed a final dividend of 6.5 cents, making 9.5 cents for the year—an increase of 31 per cent adjusting for scrip and rights issues.

Downturn for McCarthy

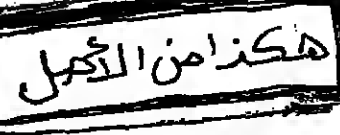
BY OUR JOHANNESBURG CORRESPONDENT

Increasing competition in South Africa's motor vehicle market badly affected the country's largest motor distributor, the McCarthy Group, in the year to June. Operating profits fell by 18.9 per cent to R30.4m (\$25m).

Vehicle sales by the industry rose by 6.3 per cent to 462,543 units in the year but McCarthy's sales were 4 per cent lower. McCarthy is also the country's largest motorcycle distributor with about 40 per cent of the market. This side of the business was even worse affected with a 25 per cent drop in unit sales.

Profit margins were put under pressure by distributors discounting prices heavily to reduce excess stocks. Carrying costs of large stocks were further affected by increased interest rates and McCarthy's interest bill rose to R6.2m in the half year from R1.8m. The situation is unlikely to improve in the near future, the company said.

Earnings per share fell to 73.5 cents from 119.6 cents and the dividend total has been reduced to 30 cents from 42 cents.



This announcement appears as a matter of record only.

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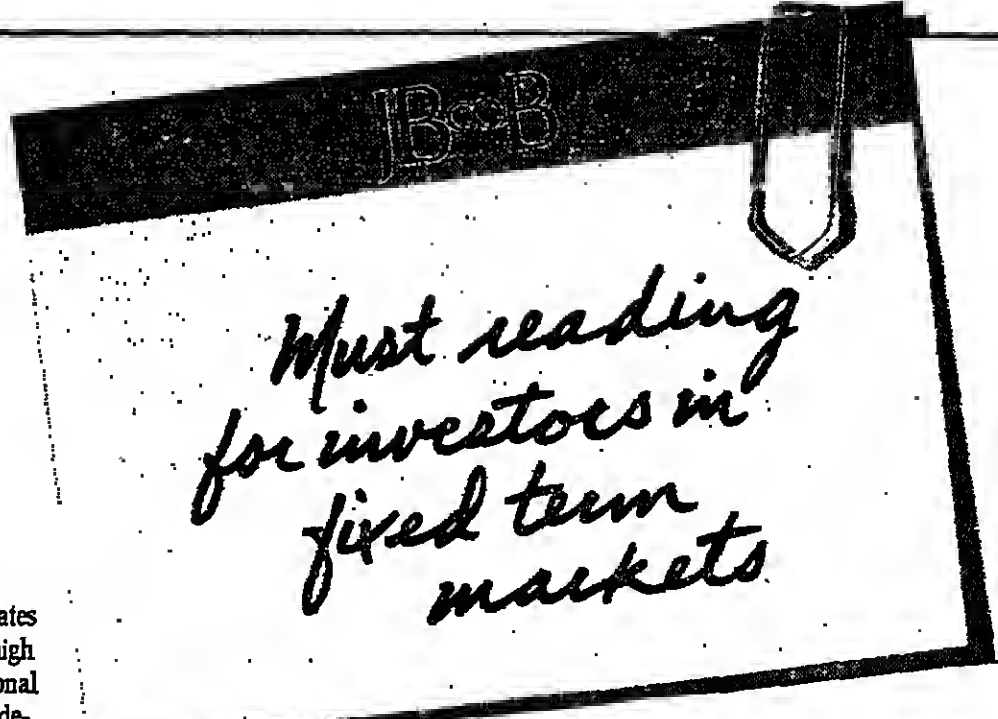
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ASIA PACIFIC CAPITAL CORPORATION LIMITED

Agent

A Member of Citicorp International Group

July 29, 1982



With interest rates persisting at high levels, institutional and private investors are demanding more return on the money they are putting in fixed term investments.

This development, coupled with a substantial increase in competition for funds by a growing number of borrowers, has inevitably led to new investment vehicles in the bond market. Two of these innovations in the Euro market are Euro-Zeros and Euro-Warrants.

Euro-Zeros are deep discount bonds that pay no interest but enable investors to lock in a given rate of return - without reinvestment problems or the threat of premature call. Zeros can therefore be attractive to investors who are not interested in current income but seek to accumulate capital.

terms below prevailing rates for straight bonds but giving investors the option to purchase additional bonds at a later date providing a hedge against an anticipated fall in interest rates.

Also relatively new to the Euro market are money market funds as well as treasury bills futures and treasury bonds futures.

For expert advice on the advantages or disadvantages of these investment instruments just get in touch with Bank Julius Baer. Therefore, we suggest you seriously consider... the Swiss alternative

international money matters: for centuries they have dealt in foreign currencies and all kinds of investments. The Julius Baer Group, one of Switzerland's most prestigious private bankers, with international banking experience dating back to 1890, should rank high on your list for in-depth counsel how best to spread your risk and benefit from traditional and new international investment opportunities.

We invite you to write today for a complimentary copy of "The International Investor" "The International Investor" is a quarterly review published by the Julius Baer Group which in its current issue gives a professional assessment of Euro-Zeros, Euro-Warrants, and other innovations in fixed term investments.

Form for requesting a complimentary copy of 'The International Investor' with fields for name, address, and city.

Bank Julius Baer & Co. Ltd.

Incorporated in Switzerland with Limited Liability Swiss craftsmanship in international investment.

Vertical text on the left margin including 'ANCE', 'Shiver', 'Decision', 'bank', 'line', 'in the', 'nation', 'ance', 'red Japan', 'ternation'.

WORLD STOCK MARKETS

Wall St 10 higher by 1pm

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including AOF Industries, Amstar, and Amalgamated.

Stock

Table of stock prices for various companies, including Columbia Gas, Amstar, and Amalgamated.

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THE DECLINE IN U.S. interest rates and a strengthening bond market spurred Wall Street into a further gain today, ending the morning in very heavy trading. The Dow Jones Industrial Average, which had rallied 15 1/2 points on the previous two business days from a 28-month low, advanced 9.99 more to the 802.42 at 1 pm yesterday. The NYSE All Common Index added 7 1/2 at 899.47, while advancing issues outpaced declines. Trading almost three-to-one, volume showed a sharp increase to 55.8 million shares from Monday's 37.1 million of 41.1 million. Prime interest rates of many banks have been cut in recent days following the Federal Reserve's decision last Friday to trim the Discount Rate to 10 1/2 per cent from 11 1/2. Interest rates were generally active and higher. Duke Power put on a bid to \$22. Northern Indiana Public Service 1/4 to \$11 1/2 and Gulf States Utilities 1/4 to \$12. General Motors 1/4 to \$42 1/2 and IBM 1/4 to \$63 1/2. K-Mort, which reported slightly higher earnings for the second quarter, advanced 1/4 to \$16 1/2. News of Occidental Petroleum's decision to terminate its \$30-million offer for Cities Service resulted in a further suspension of the latter's stock. Trading in Cities Service was halted at a price of \$35. The bid was withdrawn after Cities Service rejected the terms. Georgia Pacific, the most active issue, was at \$15 1/2 on volume of nearly 2.5 million shares. The company said it would have a \$27.1 million gain on the exchange of stock for \$61.8 million of nearly \$2 million of Industrial Revenue Bonds. AMERICAN S.E. Market Value Index is 0.88 higher at 239.15 at 1 pm. Volume 3.06m (13.07m).

Canada Markets displayed a firmer bias at midday after moderate dealings. The Toronto Composite Index picked up 5.4 to 1,409.4, while Metals and Minerals rose 11.5 to 1,305.9, although Oil and Gas was only 0.9 higher at 2,303.1. The Dow Jones Industrial Average, which had rallied 15 1/2 points on the previous two business days from a 28-month low, advanced 9.99 more to the 802.42 at 1 pm yesterday. The NYSE All Common Index added 7 1/2 at 899.47, while advancing issues outpaced declines. Trading almost three-to-one, volume showed a sharp increase to 55.8 million shares from Monday's 37.1 million of 41.1 million. Prime interest rates of many banks have been cut in recent days following the Federal Reserve's decision last Friday to trim the Discount Rate to 10 1/2 per cent from 11 1/2. Interest rates were generally active and higher. Duke Power put on a bid to \$22. Northern Indiana Public Service 1/4 to \$11 1/2 and Gulf States Utilities 1/4 to \$12. General Motors 1/4 to \$42 1/2 and IBM 1/4 to \$63 1/2. K-Mort, which reported slightly higher earnings for the second quarter, advanced 1/4 to \$16 1/2. News of Occidental Petroleum's decision to terminate its \$30-million offer for Cities Service resulted in a further suspension of the latter's stock. Trading in Cities Service was halted at a price of \$35. The bid was withdrawn after Cities Service rejected the terms. Georgia Pacific, the most active issue, was at \$15 1/2 on volume of nearly 2.5 million shares. The company said it would have a \$27.1 million gain on the exchange of stock for \$61.8 million of nearly \$2 million of Industrial Revenue Bonds. AMERICAN S.E. Market Value Index is 0.88 higher at 239.15 at 1 pm. Volume 3.06m (13.07m).

Germany Rumours that AEG-Telefunken was about to file for bankruptcy led to a collapse in share prices, and the Commerzbank Index dropped 13.2 to a seven-year low of 850.2. A denial from AEG towards the end of the session helped some shares to move off the day's lows, but dealers said it brought little comfort to a market already unsettled by the flight from U.S. currency. Deutsche securities into the market. Foreign investors, discouraged by the yen's weakness, were shunning Blue Chips, which led the market lower. An analyst said that since February, foreign investors had sold more Japanese stocks than they had bought, except for the month of May, owing to high U.S. interest rates and dwindling petrodollars held by Opec nations. West European investors had sold Japanese stocks particularly heavily, with many converting Japanese Yen into dollars to buy U.S. stocks. The analyst added that Japanese exports would continue to slow, while domestic demand recovery would be sluggish. Growing uncertainty would make it difficult for the Japanese Government to pursue flexible fiscal and monetary policies. Light electricals were particularly under pressure. Shares of Matsushita fell to \$3,000, Victor lost \$70 to \$1,870 and Sharp \$26 to \$504. Poor earnings prospects as a result of the Yen's fall left oil issues outstandingly weak. Nippon Oil retreated \$20 to \$735.

Hong Kong After falling sharply early yesterday amid continued international selling, the market rebounded as selling evaporated and bargain-hunters stepped in. The Hang Seng index closed at a 26-month low on Monday on worries over the Colony's future when the lease from China on the new territories expires in 1997. Yesterday, the index retreated more than 90 points to HK\$399, after a 4.3% rise on the day at \$75.68. Turnover at the four exchanges picked up to HK\$294.83m from the previous day's HK\$207.17m. Brokers said news of a proposed visit to the Guangdong Province of China by Edward Youde, the governor of Hong Kong, raised hopes of some encouraging development and prompted buying by small investors. Property shares led the recovery, with leader Cheung Kong ending a net 60 cents up at HK\$99, better reflecting speculation of better than initially expected lotteries results.

Paris Bourse prices tended to improve, helped by news that French retail prices were only 0.3% higher in July after a 0.7% rise in June. The recent strengthening on Wall Street also aided sentiment. Australia Markets drifted with no clear trend in another quiet session awaiting the federal budget proposals due later that day. Brokers said they did not expect the stimulus to equity markets. Analysts said any recovery on Australian markets would be linked to a sustained upswing in the U.S.

Closing prices for North America were not available for this edition.

CANADA

Table of stock prices for various Canadian companies, including Alcan, Amstar, and Amstar.

Belgium (continued)

Table of stock prices for various Belgian companies, including AEG, Amstar, and Amstar.

HOLLAND

Table of stock prices for various Dutch companies, including AEG, Amstar, and Amstar.

DENMARK

Table of stock prices for various Danish companies, including AEG, Amstar, and Amstar.

FRANCE

Table of stock prices for various French companies, including AEG, Amstar, and Amstar.

ITALY

Table of stock prices for various Italian companies, including AEG, Amstar, and Amstar.

AUSTRALIA

Table of stock prices for various Australian companies, including AEG, Amstar, and Amstar.

JAPAN (continued)

Table of stock prices for various Japanese companies, including AEG, Amstar, and Amstar.

NEW YORK

Table of stock prices for various New York companies, including AEG, Amstar, and Amstar.

INDICES

Table of stock indices for various markets, including Dow Jones, S&P 500, and others.

NEW YORK

Table of stock prices for various New York companies, including AEG, Amstar, and Amstar.

STANDARD AND POORS

Table of stock prices for various Standard and Poors companies, including AEG, Amstar, and Amstar.

NEW YORK

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NEW YORK

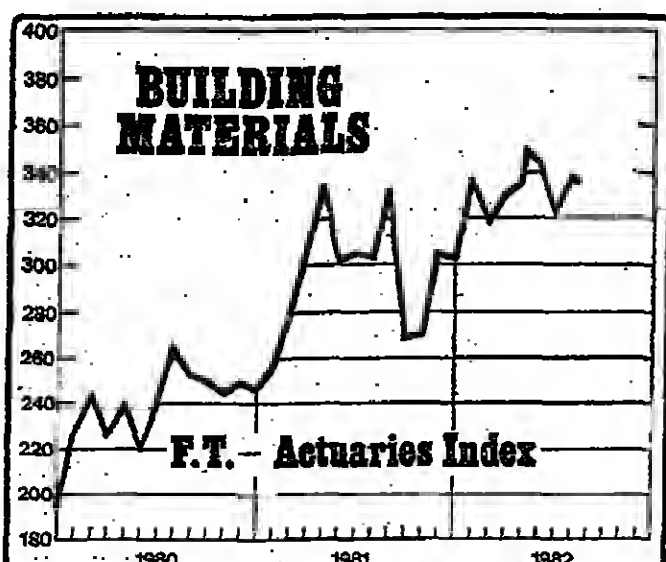
Table of stock prices for various New York companies, including AEG, Amstar, and Amstar.

Financial Times logo and various market data and advertisements.

Gilt-edged advance continues to 4 1/2-year high
Equities cast aside economic doubts

Account Dealing Dates
Option
*First Declara... Last Account
Dealings Dates Last Day
Aug 2 Aug 12 Aug 13 Aug 23
Aug 16 Sept 2 Sept 3 Sept 13
Sept 6 Sept 16 Sept 17 Sept 27

trade. Longer-dated stocks
were then showing further gains
extending to two points with
rises in the shorts ranging to a
point; the combination left the
FT Government Securities Index
0.38 up at 76.43 its highest
since January 25 1978.



Lacy closed 5 deater at 345p.
Fresh support lifted Glynded 2
further to 84p, and Whessex
hoarded a similar amount to
90p.

Nu-Swift up on bid
Nu-Swift Industries rose 4
to 35p, after 41p, in response to
the bid, equivalent to around 37p
per share, from unlisted Moss-
prop. Elsewhere in miscellaneous
industries, Howard Tenes
attracted early speculative support
and had risen 5 to 64p when
dealings in the shares were sus-
pended at 10.30 am prior to the
announcement of a bid approach;

Government securities soared
to 4 1/2-year peaks late yesterday
when London stock markets
staged a strong flourish to a day
which had earlier seen a
temporary lull in the current
boom. Equity markets also cast
aside recent reservations about
UK economic trends and leading
shares enthusiastically followed
Gilt to close with widespread
good gains ranging to 8 and to
double figures in Electricals. As
a result, the FT Industrial
Ordinary share index, after
showing a gain of 1.3 at 2 pm,
bounded ahead for a closing rise
of 1.4 to 558.2.

Banks rally
Home Banks had already
rallied around 6 when the late
afternoon announcement of
fresh 4-point reductions in base
lending rates to 11 per cent
helped further rise which left
closing improvements ranging to
1 1/2. Barclays, the first of the
major clearers to cut its rate,
closed that much dearer at 88p.

is for a two-day rise of 28 at
388p. Other Composites
improved in sympathy; Sun
Alliance, with interim figures
scheduled for September 1, put
on 10 to 764p, while GRE rose 8
to 290p. Eagle Star, still on
Allianz bid hopes, appreciated 6
more to 244p. Life Insurances
also did well. Equity and Law
rose 12 to 446p and Legal and
General 10 to 255p.

retail sales figures, but lack of
follow-through interest resulted
in a relatively subdued session
until prices moved up in line
with the general trend after the
House closed. Burton stood
out with a gain of 8 to 209p,
while W. H. Smith, 190p, and
Habitat Mothercare, 156p, added
4 apiece. Gussies A finished 7
higher at 519p, but British Home
closed 4 cheaper at 160p. Else-
where, renewed speculative
support left Austin Reed 4 up
at 92p, and A. Goldberg 5 dearer
at 60p. D-I-I issues, also
attracted interest and Harris
Qensway Armed 4 to 188p, as
did Home Charm, to 172p. MFI
rose 3 to 82p.

Electrical leaders closed on a
strong note. Rascal stood out
with a jump of 23 to 495p follow-
ing the chairman's confident
statement at the AGM and has
hint that a scrip-issue might be
called next year. Thorn EMU
were also prominent, ending 17
to 141p, after a rise of 4 to 126p,
awaiting first-quarter figures
tomorrow, advanced 13 to 330p.
BICC gained 6 to 295p and Cahle
and Wireless appreciated 7 to
277p. Elsewhere, Arden, a
narrow market, jumped 13 to
28p, after 40p, on bid specula-
tion sparked off by the announce-
ment that retired chairman, Mr
James Gifford, has disposed of
500,000 shares, 10.2p per cent
of his large shareholding.

Gold Fields advanced 12
to 415p in active trading while
RTZ put on 5 to 418p and Charter
3 to 190p.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Secs, Fixed Interest, Industrial Ord, etc. with columns for Aug 17, Aug 18, Aug 19, Aug 20, Aug 21, and a year ago.

Encouraged by the fresh cut
in base lending rates, financial
shares recorded some useful
gains. Bazzart Developments
were prominent among House
builders with a rise of 9 to 315p.
BEE improved 10 to 440p, while
Safeway Interim results left
Taylor, Woodrow a similar
amount up at 555p. Magnet and
Southern improved 6 to 180p,
while RMC, 261p, and Redland,
194p, rose 4 and 16p.

Stores wanted
Store majors attracted early
support encouraged by the latest

Shell good
Unsettled at the start by specu-
lation about a cut in the official
Saudi Arabian crude price, lead-
ing Oils opened lower. But quiet-
ness subsequently rallied, with
the firmer trend in the late after-
noon being helped by the good
early performance on Wall
Street. Shell, down to 370p at one
stage, closed 10 up on balance
at 390p; the half-yearly figures
are due today. British Petroleum
ended 4 at the good at 266p, after
258p, while Esso ended 2 and Ul-
tramar rose 1 to 335p.

Reflecting the boom in Gilt-
edged securities, Akroyd and
Smithers were strong in Finan-
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at 232p. R. P. Martin edged up 5
to 310p, but Althen Home gave up
that amount to 135p. Among
Trusts, Jardine Securities rallied 5
to 101p in line with other Hong
Kong issues.

Table titled 'HIGHS AND LOWS' and 'S.E. ACTIVITY' showing price ranges and activity for various stock categories.

Stores wanted
Store majors attracted early
support encouraged by the latest

Reflecting the boom in Gilt-
edged securities, Akroyd and
Smithers were strong in Finan-
cial and closed 12 to the good
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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table titled 'EQUITY GROUPS & SUB-SECTIONS' showing indices for various equity groups like CAPITAL BONDS, BUILDING MATERIALS, etc. with columns for index values and percentage changes.

Table titled 'FIXED INTEREST' showing average gross redemption yields for various fixed interest instruments like British Government, Local Govt, etc.

NEW HIGHS AND LOWS FOR 1982

Table listing new highs and lows for 1982 across various categories like BRITISH FUNDS, CORPORATE LOANS, FOREIGN BONDS, etc.

OPTIONS

First Last Decla- For-
Deal Last Decla- For-
ings ings ings
Ang 23 Sept 20 Nov 25 Dec 6
Sept 13 Sept 20 Nov 25 Dec 20
For rate indications see end of
Share Information Service or
Calls were arranged in Turner
and Newall, Celtic Haven, KCA
International, Steaua Romana,
Chloride, UDS and Britannia
Arrow. Puts were taken out in
Charter Consolidated, BOC,
Barclays Bank and Lloyds Bank,
while doubles were transacted
in TI, Steaua Romana and
Wrelock Marten A.

RECENT ISSUES

Table titled 'EQUITIES' showing recent issues of various stocks with columns for issue price, amount, and stock name.

Table titled 'FIXED INTEREST STOCKS' showing recent issues of fixed interest stocks with columns for issue price, amount, and stock name.

Table titled '"RIGHTS" OFFERS' showing recent rights offers with columns for issue price, amount, and stock name.

Reorganisation data usually last day dealing free of stamp duty. A figure
based on prospectus estimates, B dividend rate paid or payable on part of
securities covered based on dividend on full capital, P estimated dividend yield,
I indicated dividend cover relative to previous dividend, F/E ratio based on latest
annual earnings. U forecast dividend; cover based on previous year's earnings.
F dividends and yield based on prospectus or other official estimates for 1982.
G Gross, T Figures assumed, S Figures or report awaited, C Cover allows for
conversion of shares not now ranking for dividend or ranking only for restricted
dividend, P Pledge price, P Pence issues otherwise indicated, I Issued by
leader, F Offered to holders of ordinary shares as a "rights", ** Issued by way
of recapitalisation, S Reintroduced, ** Issued in connection with reorganisation
margin or take-over, I Issued to former preference holders,
M Allotment letters (or fully-paid), P Provisional or partly-paid allotment letters,
* With warrants, ** Overseas, U Unlisted Securities
Market, ** London Listing, 2 Effective issue price after scrip, F Formerly
dealt in under Rule 15(1)(a), 2 2 Unit comprising five ordinary and three
Cep. shares, 3 Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Table showing active stocks with columns for stock name, closing price, and day's change.

MONDAY'S ACTIVE STOCKS

Table showing Monday's active stocks with columns for stock name, closing price, and day's change.

World Banking advertisement featuring a grid of bank logos and the text 'The Financial Times published a major two part survey during May 1982 looking in depth at World Banking. This complete survey has now been reprinted as a booklet and is available at the price of £2.50 (includes p + p). Please complete the coupon below for your copy of the booklet.'

Form for requesting a booklet, including fields for name, address, company, and signature.

Companies and Markets

CURRENCIES and MONEY

FT UNIT TRUST INFORMATION SERVICE

Dollar weakens

Dollar lost ground in late European trading after a fairly quiet morning. The U.S. currency declined as Eurodollar rates fell from an opening level following the change of opinion about future interest rate trends by Mr Henry Kaufmann of Salomon Brothers. Mr Kaufmann's predictions of lower long term bond yields led to a sharp, late move out of the dollar.

Sterling finished unchanged on balance, after rising by about 1/2 cent against the dollar, but losing to Continental currencies. DOLLAR - Trade-weighted index (Bank of England) 1222 against 1223 on Monday and 115.0 against 115.0 on Tuesday. Three-month Treasury bills 8.48 per cent (14.60 per cent six months ago). Annual inflation 7.1 per cent (6.7 per cent previous month) - The dollar fell to DM 2.5060 from DM 2.5170 against the D-mark; to FF 6.9750 from FF 7.0050 in terms of the French franc; and to SwF 2.1480 from SwF 2.1590 against the Swiss franc, but rose to Y284 from Y283.75 against the Japanese yen.

STERLING - Trade-weighted index 91.1 against 91.2 at noon, 91.0 in the morning, 91.1 at the previous close, and 91.1 on Monday. Three-month interbank 11.7 per cent (14.4 per cent six months ago). Annual inflation 8.7 per cent (9.2 per cent previous month) - Sterling rose 5/8 points against the dollar to close at \$1.0891, and opened at \$1.0891, and fell to a low of \$1.0891 in the morning. The decline of the U.S. currency in the afternoon pushed the pound to a peak of \$1.0901, Sterling fell to DM 4.28 from DM 4.29, to FF 11.9150 from FF 11.9275, and to SwF 3.6650 from SwF 3.6725, but rose to Y451.25 from Y449.25 against the yen.

DEUTSCHE MARK - EMS member (weakest). Trade-weighted index 124.7 on Monday, and 120.9 six months ago. Three-month interbank 9.15 per cent (10.27 per cent six months ago). Annual inflation 5.6 per cent (5.8 per cent previous month) - The Deutschemark rose to DM 4.28 from DM 4.29, to FF 11.9150 from FF 11.9275, and to SwF 3.6650 from SwF 3.6725, but rose to Y451.25 from Y449.25 against the yen.

ITALIAN LIRA - EMS member (strongest). Trade-weighted index 53.7 against 53.6 on Monday, and 55.1 six months ago. Three-month interbank 19.2 per cent (21.7 per cent six months ago). Annual inflation 15.9 per cent (15.7 per cent previous month) - The Italian lira rose to FF 2.5277 from FF 2.5320, and to SwF 1.8580 from SwF 1.8590, and to Y451.25 from Y449.25 against the yen.

Other currencies: Spanish peseta, Greek drachma, etc. Also includes a table of exchange rates for various currencies.

EURO-CURRENCY INTEREST RATES (Market closing rates) - Table showing interest rates for various currencies and maturities.

MONEY MARKETS - Bank base rates cut to 11% - UK clearing bank base lending rate 11-11 1/2 per cent. Interest rates continued to fall in the London money market yesterday, leading to the expected cut in the bank base rate during the late afternoon.

MONEY RATES - LONDON MONEY RATES - Table showing London money rates for various currencies and maturities.

THE POUND SPOT AND FORWARD - Table with columns for Day's spread, Close, One month, Three months, Six months, and a 'Three' column.

THE DOLLAR SPOT AND FORWARD - Table with columns for Day's spread, Close, One month, Three months, Six months, and a 'Three' column.

CURRENCY MOVEMENTS - Table showing percentage changes for various currencies against the dollar and sterling.

CURRENCY RATES - Table showing current exchange rates for various currencies.

OTHER CURRENCIES - Table showing exchange rates for currencies like the Australian dollar, Canadian dollar, etc.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 17) - Table showing interbank fixing rates for various currencies.

EURO-CURRENCY INTEREST RATES (Market closing rates) - Table showing interest rates for various currencies and maturities.

MONEY MARKETS - Bank base rates cut to 11% - UK clearing bank base lending rate 11-11 1/2 per cent. Interest rates continued to fall in the London money market yesterday, leading to the expected cut in the bank base rate during the late afternoon.

MONEY RATES - LONDON MONEY RATES - Table showing London money rates for various currencies and maturities.

AUTHORISED TRUSTS - Table listing various unit trusts and their performance.

Continuation of AUTHORIZED TRUSTS table.

Continuation of AUTHORIZED TRUSTS table.

Continuation of AUTHORIZED TRUSTS table.

Continuation of AUTHORIZED TRUSTS table.

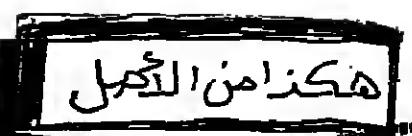
Continuation of AUTHORIZED TRUSTS table.

Continuation of AUTHORIZED TRUSTS table.

Continuation of AUTHORIZED TRUSTS table.

Continuation of AUTHORIZED TRUSTS table.

NOTES - Additional information and notes regarding the trusts and market conditions.



INSURANCES

Table listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., Crown Life Insurance Co., and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table listing insurance and overseas managed funds, including Life Assur. Co. of Pennsylvania, Norwich Union Insurance Group, and various international funds.

Table listing various international and specialized funds, including Guinness World Fund, Standard Life Assurance Company, and others.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including Adis Investment, Free World Fund, and others.

NOTES section containing detailed information and disclaimers regarding the funds listed, including a note about the accuracy of the data and the responsibility of the publisher.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Table of stock prices for various food and grocery companies, including items like Borden's, Hormel, and various grocery chains.

Table of stock prices for hotels and caterers, including establishments like Holiday Inns, Hilton, and various regional hotels.

Table of stock prices for industrial companies, including firms like A.A. Industries, Alcoa, and various manufacturing companies.

ELECTRICALS—Continued.

Table of stock prices for electrical companies, including firms like Westinghouse, General Electric, and others.

ENGINEERING MACHINE TOOLS

Table of stock prices for engineering and machine tool companies, including firms like Cincinnati Milacron and others.

CHEMICALS, PLASTICS—Cont.

Table of stock prices for chemical and plastic companies, including firms like Dow Chemical, DuPont, and others.

DRAPERY AND STORES

Table of stock prices for drapery and store companies, including firms like J. J. Brinkerhoff and others.

BANKS & H.P.—Cont.

Table of stock prices for banks and home products companies, including firms like Citicorp, Chase, and others.

BEERS, WINES AND SPIRITS

Table of stock prices for beer, wine, and spirit companies, including firms like Anheuser-Busch, Heineken, and others.

HIRE PURCHASE, ETC.

Table of stock prices for hire purchase and other financial services companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of stock prices for building, timber, and road construction companies.

ELECTRICALS

Table of stock prices for electrical companies, including firms like Westinghouse, General Electric, and others.

LOANS—Continued

Table of stock prices for loan companies, including firms like Citicorp, Chase, and others.

AMERICANS

Table of stock prices for American companies, including various domestic firms.

FOREIGN BONDS & RAILS

Table of stock prices for foreign bonds and rail companies.

BRITISH FUNDS

Table of stock prices for British funds, including various investment vehicles.

CANADIANS

Table of stock prices for Canadian companies, including various firms from Canada.

BANKS AND HIRE PURCHASE

Table of stock prices for banks and hire purchase companies.

COMMONWEALTH AND AFRICAN LOANS

Table of stock prices for commonwealth and African loan companies.

LOANS

Table of stock prices for loan companies.

IDC Design, Construction & Engineering Service logo and contact information.

BRITISH FUNDS section with sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

AMERICANS section listing various American companies and their stock prices.

COMMONWEALTH AND AFRICAN LOANS section listing various loan companies.

INTERNATIONAL FUND MANAGEMENT section with a survey introduction and contact information.

Logo for 'هكزان الكحل' (Hexagon Alcohol) at the bottom left.

INDUSTRIALS—Continued

Table of industrial stocks including companies like Johnson & Johnson, Pfizer, and various pharmaceuticals, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure and entertainment stocks including companies like MGM, Warner Bros., and various media companies.

PROPERTY—Continued

Table of real estate and property-related stocks including various trusts and land development companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various equity and bond funds.

OIL AND GAS—Continued

Table of oil and gas stocks including major energy companies like Exxon, Shell, and BP.

International Finance DAIWA SECURITIES logo and branding.

MINES—Continued

Table of mining stocks categorized by region: Central African, Australian, and Tins, including companies like Anglo-American and De Beers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Ford, GM, and Boeing.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Daimler-Benz and Iveco.

Components

Table of automotive component stocks including companies like Bosch and Delco.

Garages and Distributors

Table of garage and distributor stocks including companies like Shell and Esso.

SHIPPING

Table of shipping stocks including companies like P&O and Cunard.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Burberry and Timberland.

SOUTH AFRICANS

Table of South African stocks including various local companies.

TEXTILES

Table of textile stocks including companies like H&M and Inditex.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks including companies like News Corp and Time Warner.

PAPER, PRINTING

Table of paper and printing stocks including companies like International Paper and Wiggins Teape.

PROPERTY

Table of property stocks including various real estate trusts.

INSURANCES

Table of insurance stocks including companies like Lloyds and Zurich.

TOBACCOS

Table of tobacco stocks including companies like British American Tobacco.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various investment vehicles.

PROPERTY

Table of property stocks including various real estate trusts.

FINANCE, LAND, etc.

Table of finance, land, and other stocks including various investment vehicles.

OIL AND GAS

Table of oil and gas stocks including major energy companies.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like De Beers.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Jardines and Guthrie & Co.

PLANTATIONS

Table of plantation stocks including companies like Guthrie & Co and various rubber plantations.

MINES

Table of mining stocks including various metal mines.

Central Rand

Table of Central Rand mining stocks.

Eastern Rand

Table of Eastern Rand mining stocks.

Far West Rand

Table of Far West Rand mining stocks.

O.F.S.

Table of O.F.S. (Overseas Finance and Securities) stocks.

FINANCE

Table of finance stocks including various banks and financial institutions.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like De Beers.

NOTES

Notes section containing various financial notices, company announcements, and market news.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies from various countries.

OPTIONS

Table of options contracts including 3-month call rates and other derivatives.

Skelmersdale For full details on land, building and grants available, phone: Skelmersdale (0695) 32124

Sino-U.S. accord on Taiwan arms

BY TONY WALKER IN HONG KONG AND REGINALD DALE IN WASHINGTON

CHINA and the U.S. have reached an uneasy compromise over continued arms sales to Taiwan. The agreement narrowly averts a major crisis between them but does not resolve the basic issue.

In a joint communique released yesterday in Peking and Washington after months of intensive negotiations, the two sides agreed to bury their differences for the time being. But China warned that the issue had not been finally resolved.

The U.S. said it did not seek to "carry out a long-term policy of arms sales to Taiwan." However, it did not agree to Chinese demands for a firm cut-off date for sales.

Under the Act, the U.S. is bound to sell arms to Taiwan on the basis of its needs, not taking into account other considerations. China has in the past angrily denounced the Act as contrary to the spirit and substance of the Shanghai communique of 1972, which opened the way for the normalisation of Sino-U.S. relations, and the 1979 agreement on normalisation.

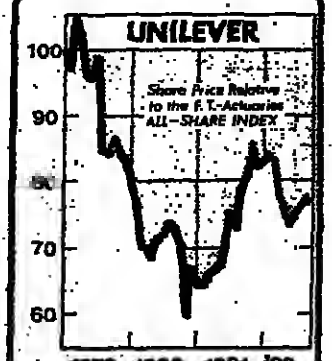
Overhaul to follow Howden Group audit

THE WORLD'S second largest insurance broker Alexander and Alexander Services Inc of the U.S., is to overhaul its financial controls with its controversial UK subsidiary, Alexander Howden Group.

Bond prices reach for the sky

The gilt-edged market remains highly excitable, with two-point gains in long bonds yesterday as a result of severe stock shortages, exacerbated by such news as an over-discounted cut in base rates and a well-known U.S. stockbroker changing his mind.

Index rose 12.4 to 558.2



Unilever's third quarter onwards, while the Asian and Latin American businesses are vulnerable to a further squeeze on disposable incomes.

Duncan field development to go ahead

A NORTH SEA drilling consortium, led by Hamilton Brothers of the U.S., is expected to press ahead with the development of the Duncan oil field next year.

Petrol may rise to 180p by weekend as price truce holds

OIL COMPANIES hope to raise petrol prices again soon, perhaps by the weekend, to about 150p a gallon for four-star petrol—the level they reckon will give a reasonable return on refining and marketing operations.

Cuts agreed in Sheffield steel forging capacity

FINAL AGREEMENT has been reached between the Department of Industry, the British Steel Corporation and Johnson & Firth Brown, one of the largest independent steel producers, for extensive rationalisation of forging capacity in Sheffield.

Weather

UK TODAY CLOUDY with rain, heavy at times. Becoming brighter and showery. Cool. S. and S.E. England Cloudy, occasional rain, becoming heavy. Clearer later. Max 19C (66F).

Weather

WORLDWIDE Y day Monday Y day Tuesday. Algeciras 27 81 L. Lima 26 77. Algiers 28 84 L. Lima 26 77.

Weather

UK TODAY CLOUDY with rain, heavy at times. Becoming brighter and showery. Cool. S. and S.E. England Cloudy, occasional rain, becoming heavy. Clearer later. Max 19C (66F).

Cuts agreed in Sheffield steel forging capacity



to justify exploitation on the basis of an inexpensive production system. Hamilton Brothers also announced that it had drilled a successful gas well on block 43/13a in the southern sector of the North Sea.

Mexico drawing rights

Bankers in Mexico City expect that, as part of the IMF sector borrowers will have to renegotiate at least part of the \$600m of foreign debt. The Mexican private sector, paralysed by the exchange control moves is already discussing re-scheduling a significant part of its \$200m of foreign debt.

Continued from Page 1 Base rates

rates would continue, albeit with possibly dramatic interruptions. The Federal funds rate, which was trading yesterday at just under 10 per cent, could fall to a low of 6 per cent to 7 per cent, he said.

Alex. Howden

The same statement from Alexander and Alexander, the world's second largest insurance

Weather

UK TODAY CLOUDY with rain, heavy at times. Becoming brighter and showery. Cool. S. and S.E. England Cloudy, occasional rain, becoming heavy. Clearer later. Max 19C (66F).

Why Italian hunters may not get the bird

ITALY'S larks, linnets and finches may venture from their nests this morning free, in theory at least, from the fear of falling prey to the 300,000 huntmen expected on the opening day of the Italian hunting season.

Continued from Page 1 Mexico drawing rights

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Continued from Page 1 Base rates

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Weather

BUILDING ON A FIRM FOUNDATION. With a professional building team like Willett operating under the umbrella of the Trafalgar House Group, the advantages are enormous. On the one hand, you have the enthusiasm and flexibility of a builder dedicated to growth and success.